

City of **Austin**
Texas

Late Backup

2010 - 2011
Proposed Budget

Department Budget Presentations
August 25, 2010



Today's Presentation

- ✓ **Community Services**
 - Library, Health & Human Services, Parks & Recreation
- ✓ **Austin Energy**
- ✓ **Austin Water Utility**
- ✓ **Solid Waste Services**
- ✓ **Transportation Fund**

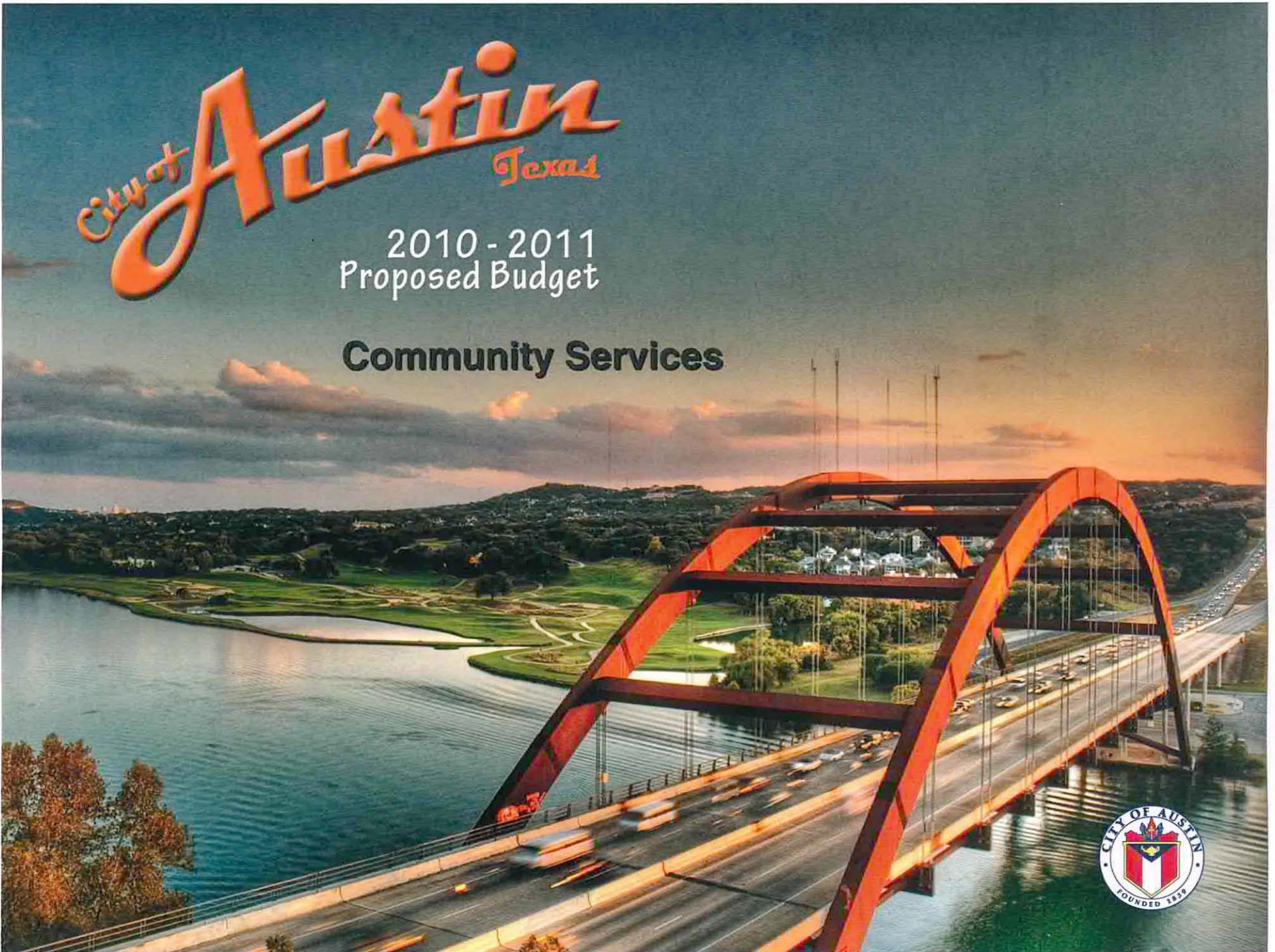
Budget Timeline & Next Steps

- ✓ **November-January** Departmental Business Planning
- ✓ **February-March** Development of Horizon Issues & Forecast
- ✓ **April 21** Presentation of Economic Outlook, General Fund Forecast and Horizon Issues
- ✓ **April 28** Enterprise Fund Forecasts
- ✓ **May-June** Budget Development & Public Input
- ✓ **July 28** Proposed Budget Presented to City Council
- ✓ **August 18, 19** 1st Budget Work Session & Public Hearing
- August 25, 26** 2nd Budget Work Session & Public Hearing
- September 13-15** Budget Approval Readings
- September 13, 23** Tax Rate Hearings
- September 29** Adopt Tax Rate

City of Austin Texas

2010 - 2011
Proposed Budget

Community Services



2010 Major Accomplishments

➤ **Library**

- The grand opening of the Twin Oaks Library will occur on August 21st
- Renovation and Reopening of the Howson Branch Library
- 4.5 million items projected to circulate in 2010
- New Central Library Project

➤ **Health and Human Services**

- Stimulus Funding
 - Tobacco Stimulus: \$7.5 million
 - Homeless prevention and Rapid Re-Housing: \$3.1 million
 - Community Services Block Grant (CSBG): \$1.4 million
- Animal Service Implementation Plan
- Betty Dunkerley Campus

➤ **Parks and Recreation**

- Initiated a partnership with the YMCA to help construct and operate the new North Austin Recreation Center
- Community Engagement Initiative
- Launched new and user friendly website and unveiled the new Parks and Recreation department logo

Best Managed City Initiatives

➤ **Library**

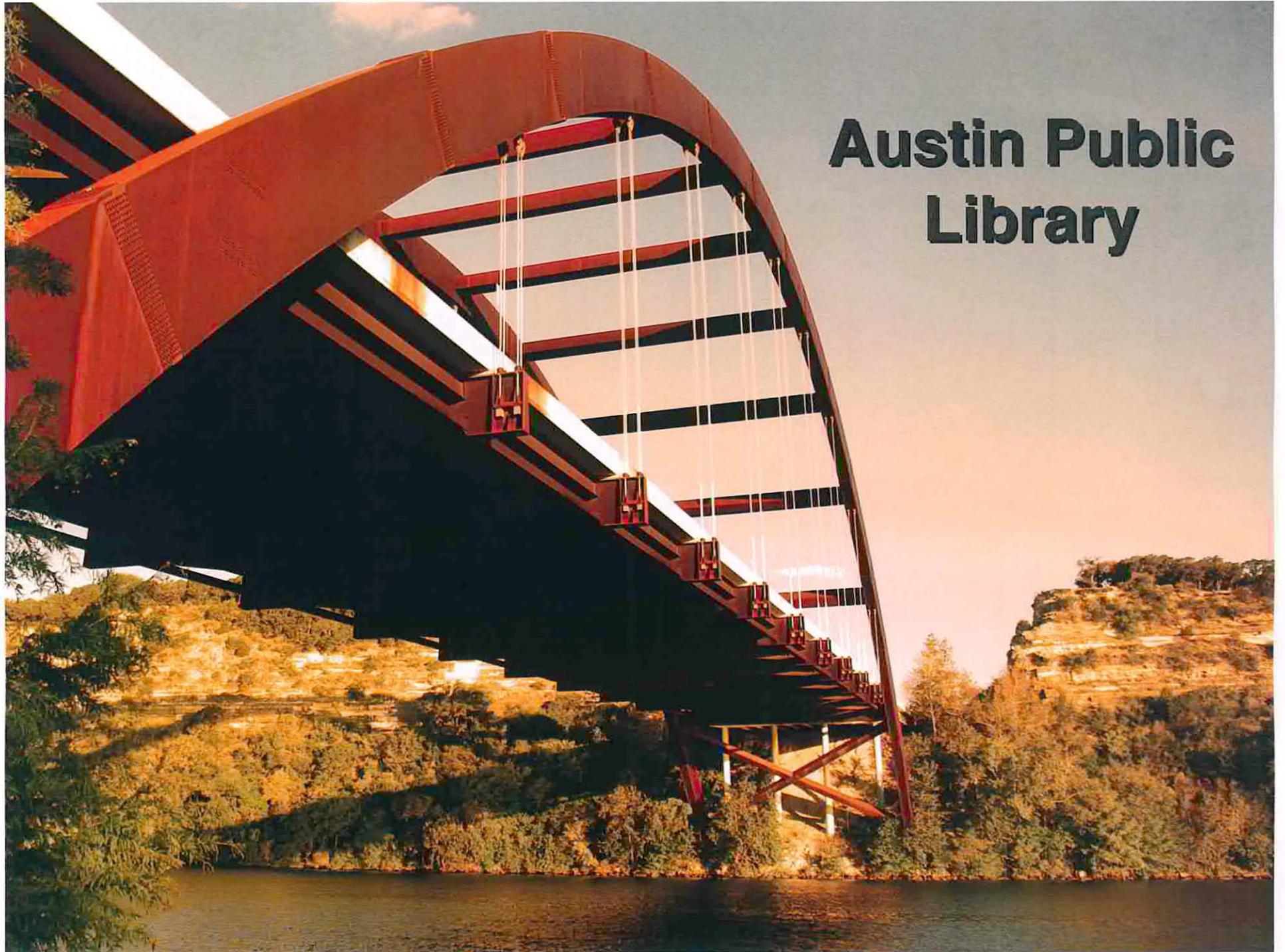
- Developed a number of modifications to enhance customer service

➤ **Health and Human Services**

- Identified model practices and measures to achieve our mission and fulfill our goal

➤ **Parks and Recreation**

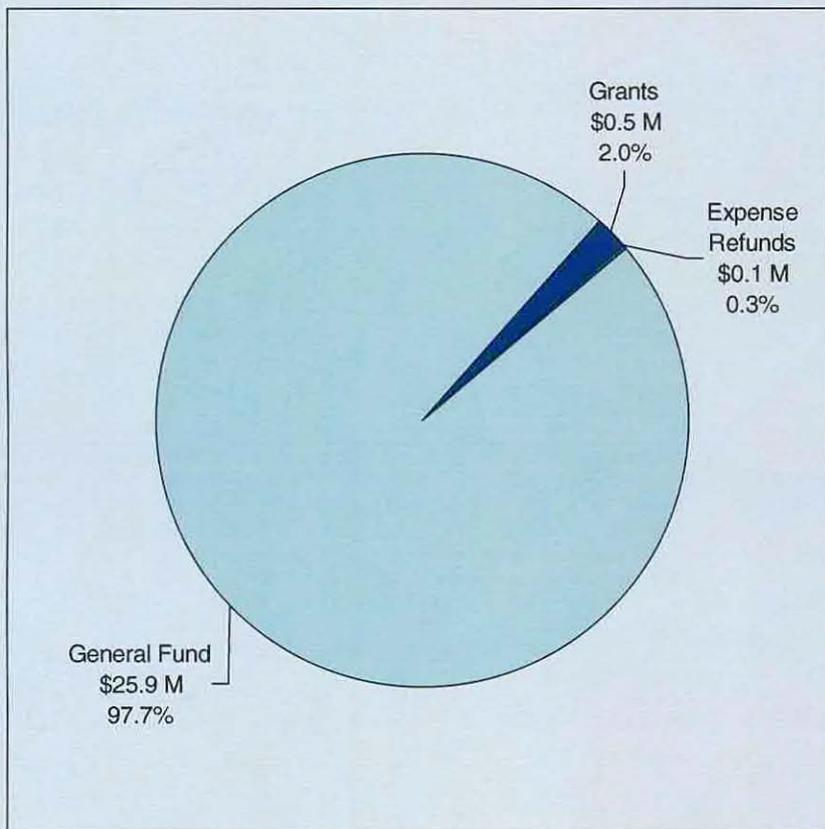
- Conducted a series of retreats to determine what needs to be done to meet and exceed core services
- Developed five part plan on how to move the department forward



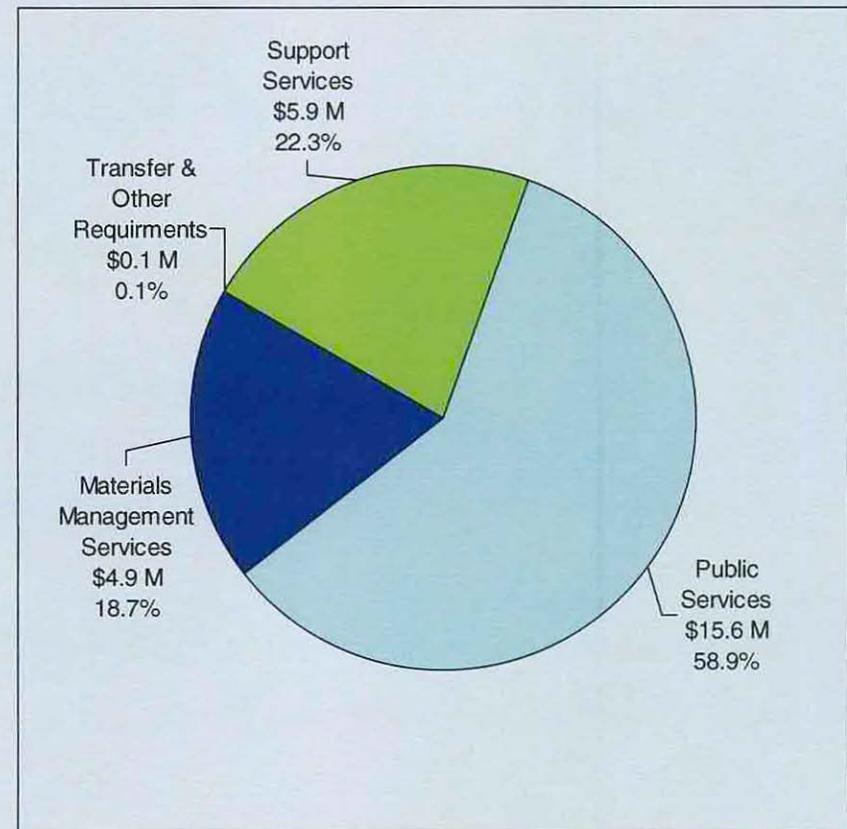
Austin Public Library

2011 Austin Public Library Budget – \$26.5M

Sources of Funds



Uses of Funds



General Fund Cost Drivers

<u>Category</u>	<u>Estimated Increases</u>	<u>Justification</u>
Base Personnel Costs	\$0.7	<ul style="list-style-type: none"> * Health Insurance * 2.5% Civilian Wage Adjustments * 1 Program Manager Position Transferred to Communications and Public Information Department
Other Departmental Costs	\$0.6	<ul style="list-style-type: none"> * System-wide Book Budget * Electronic Database Renewal Costs * 2 Additional Stores Specialists for Delivery Services
Transfers / Other Requirements	\$0.2	<ul style="list-style-type: none"> * Lease Cost for Recycled Reads * Parking Contract for Employees of Austin History Center and Central Library * Software and Hardware Maintenance Contracts * Other Miscellaneous Contractuals & Commodities
Totals	\$1.5	

Budget Highlights

- Increase to system-wide materials budget - \$500K
 - Materials budget at \$2.4 M, increase of 26% over FY 2010
 - Materials expenditures per capita will increase to \$3.49, up from estimated \$2.84 in FY 2010
 - Represents an important step in effort to reach current average of \$5.45 for comparable peer libraries
- Addition of 2 Stores Specialist positions - \$82K
 - Improved reserve system and interlibrary delivery of materials
 - Two additional delivery runs will increase safety and efficiency
- Other cost drivers - \$200K
 - Renewal price increases for electronic databases
 - Requirements for critical hardware and software maintenance contracts
 - Contractual lease requirements

2011 Major Goals

- Finalize the Building Program for the New Central Library
- Work with CTM to install security cameras at all Library facilities to ensure safety and security for staff and customers
- Redesign the Library catalog, “FindIt”
 - Improvements will significantly enhance the library experience for Austin Public Library customers
- Implement Counting Opinions customer satisfaction survey tool
 - Continuous, on-line data collection from customers will increase data-based decision making and allow for more appropriate allocation of resources
- Build and maintain the materials collection to better meet customer demand
 - Add over 130,000 new volumes
- Increase volunteer recruitment and retention through the use of the Internet and electronic communications

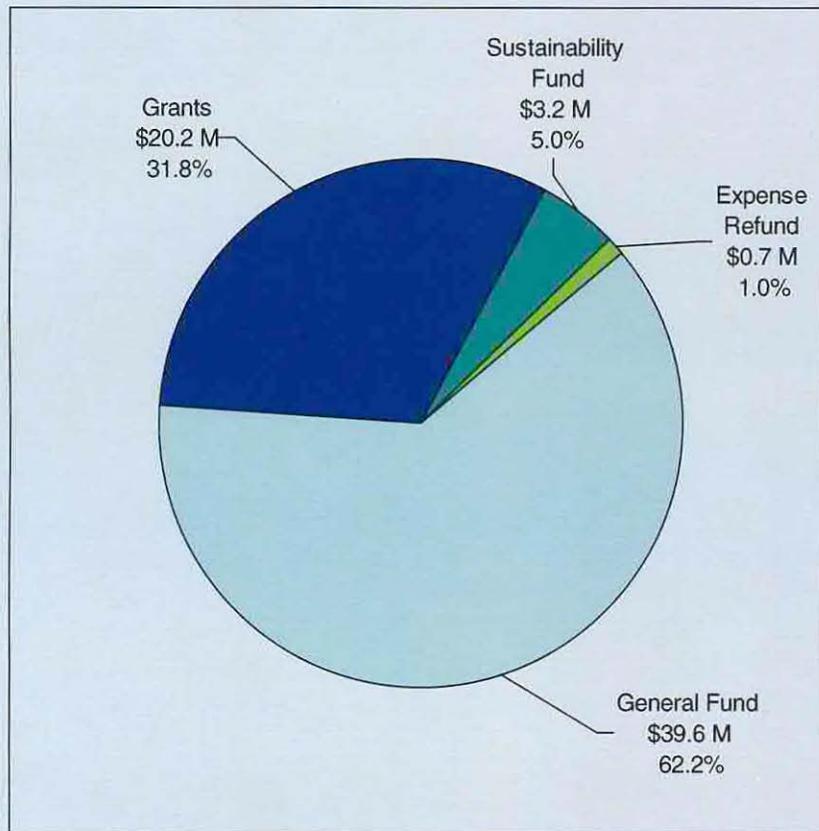


**Austin/Travis
County
Health and
Human
Services
Department**

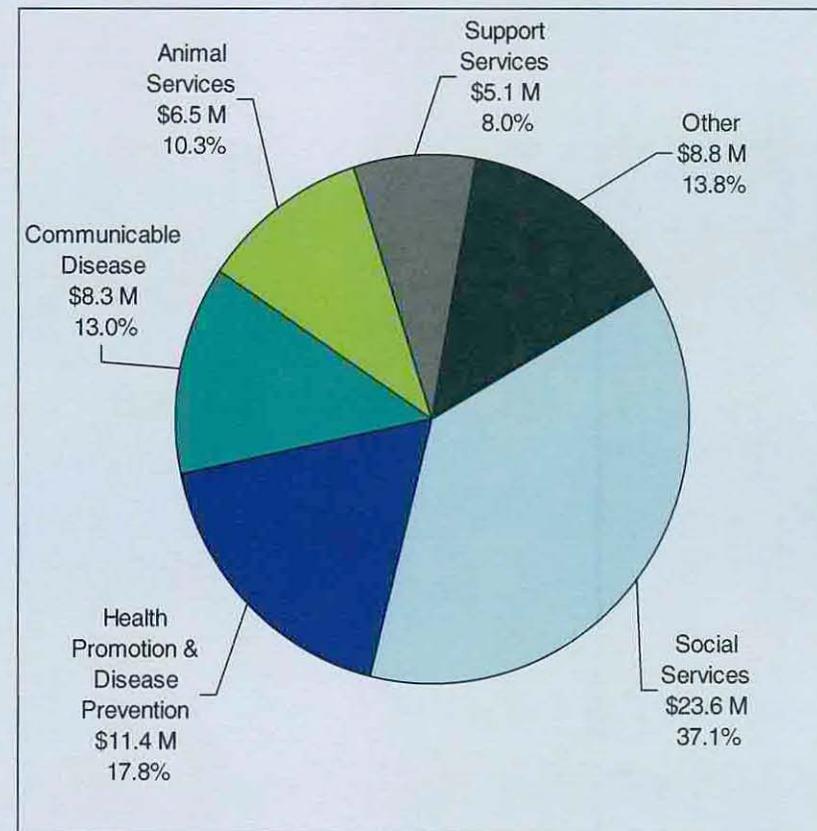


2011 HHS Budget – \$63.7M

Sources of Funds



Uses of Funds



General Fund Cost Drivers

<u>Category</u>	<u>Estimated Increases</u>	<u>Justification</u>
Base Personnel Costs	\$0.6	<ul style="list-style-type: none"> * Health Insurance * 2.5% Civilian Wage Adjustments
Other Departmental Costs	\$0.1	<ul style="list-style-type: none"> * Animal Services Implementation Plan * Increase Austin/Travis Co. Inter-local Agreement * Eliminate 2 Vacant Positions * Increase In Social Services Contracts * Creation of Contract Compliance Function * Decrease in Unallocated Funding to the HIV Prevention Program * Transfer Vacant Admin. Support Position from General Fund to Grant
Totals	\$0.7	

Budget Highlights

- Animal Services Implementation Plan
 - \$757K and 5.50 FTEs
- Repurposing
 - Reduce contractual and personnel funding (\$299K)
- Addressing unmet service demands
 - Homeless Services Continuum \$100K
 - Contract Compliance Functions \$132K
- Increase County portion of spay/neuter program \$50K

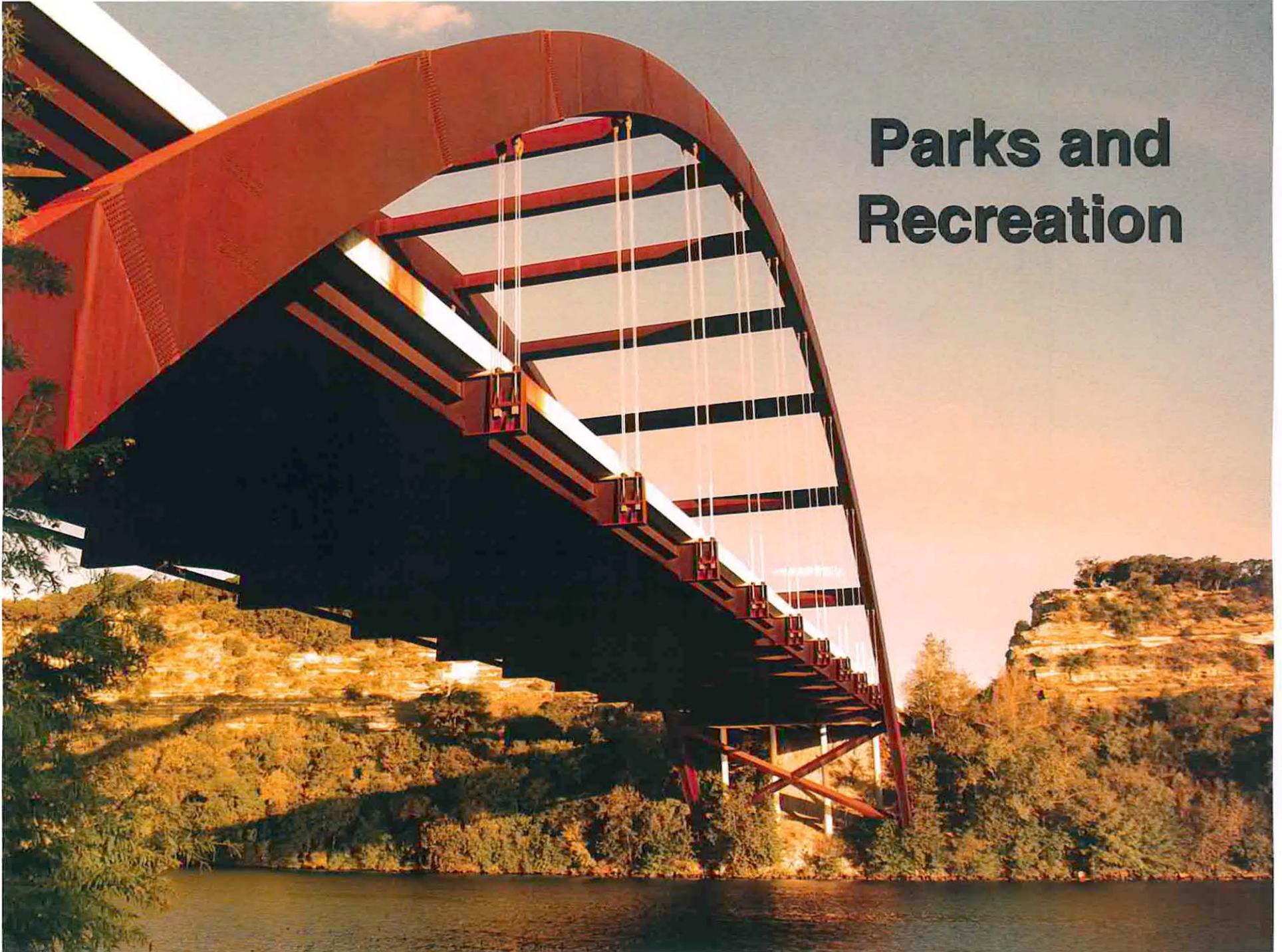
Budget Highlights

- Eliminate two vacant positions
 - Family Health Unit Supervisor (\$75K)
 - Hepatitis C Nurse (\$71K)
- Reduce unallocated funding for HIV social service contracts (\$70K)
- Transfer HIV Admin Support position to a grant (\$54K)
- Pending Items
 - Boarding homes
 - Mobile Food Vendor Regulations

2011 Major Goals

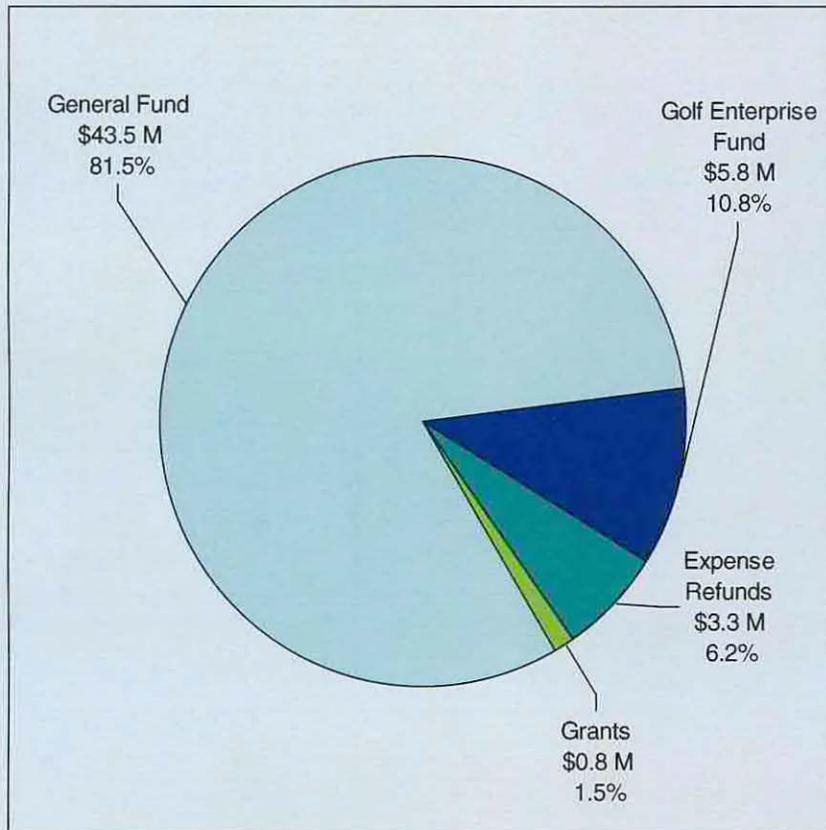
- Provide 52,000 immunizations through the Shots for Tots Program
- Provide 13,000 patient visits at the TB clinic
- Investigate 1,800 cases as a part of ongoing disease surveillance efforts
- Administer 8,000 routine inspections for fixed food establishments
- Serve an average monthly enrollment of 37,700 through the Women, Infants & Children program
- Provide basic needs services to 45,800 unduplicated persons through our neighborhood centers
- Administer \$18.5 million in contracts with approximately 55 community based providers for services such as basic needs, workforce development, mental health, and child care

Parks and Recreation

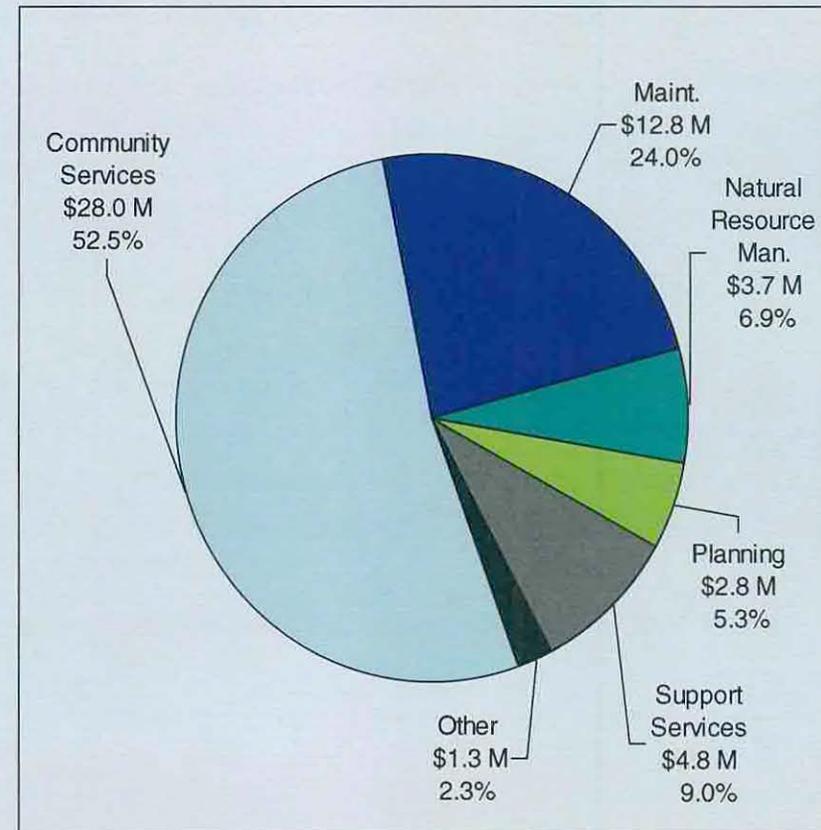


2011 PARD Budget – \$53.4M

Sources of Funds



Uses of Funds



General Fund Cost Drivers

<u>Category</u>	<u>Estimated Increases</u>	<u>Justification</u>
Base Personnel Costs	\$1.5	<ul style="list-style-type: none"> * Health Insurance * 2.5 % Civilian Wage Adjustments * Lower vacancy savings
Other Departmental Costs	\$0.9	Commodities and Contractuals for: <ul style="list-style-type: none"> * newly developed and annexed parkland and trails * new and expanded recreation facilities * pool operations, maintenance and temporary employees Repurposed Existing Positions: <ul style="list-style-type: none"> * 5 positions to downtown parks * 1 position to new northwest park maintenance * 1 position to Dittmar expansion
Totals	\$2.4	

The PARD Budget also includes \$4.4M for the consolidation of Recreation and Softball Funds into the General Fund.

Budget Highlights

- Repurposing of existing positions to meet maintenance and operational needs for Downtown Parks, Dittmar Recreation Center and newly annexed Canyon Creek Trail
- YMCA multi-year partnership, project design for new North Austin Recreation Center to begin in 2011
- Expanded and New Facilities:
 - BMX Skate Park
 - Northwest Recreation Center
 - Dittmar Recreation Center
 - Mc Beth Recreation Center
 - Chestnut House

Budget Highlights

- Splash pad conversions at West Austin, Chestnut, Lott, Bailey, Clarksville, Eastwood, and Bartholomew parks
 - Compliance with State of Texas Health Code requirements
 - Water savings estimated at 200k gallons per season per facility
- Merging of Softball and Recreation Enterprise Funds into General Fund
- Additional 22 acres for Mueller Planned Unit Development maintenance agreement



2011 Major Goals

- Leverage private partnerships for facilities construction and operation
- Develop a multi-year plan to improve ratio of park maintenance staff to park acres from 1:180 to 1:75
- Repurpose and reallocate existing programming staff to meet national standards and Local Standards of Care
- Acquire and upgrade technology for cost recovery and online registration
- Continue to develop an effective contracts management system

Questions / Comments

More information at
www.ci.austin.tx.us/budget





Austin Water Utility Proposed FY 2011 Budget

Accomplishments in 2010

- **Water Conservation Efforts**
 - Gallons per capita per day reductions
 - Reclaimed water system improvements
 - Launched the 3-C campaign
 - Mandatory water restrictions for all classes all year long
 - Critical water leak prioritization
- **Hornsby Bend**
 - Secured \$32 M in ARRA stimulus funding
 - Biogas Electricity Generation Project
- **Cost of Service Study Implementation**
- **National / Statewide Recognition**
 - Treatment Plant Awards
 - Balcones Canyonlands Conservation Plan
- **Lean Initiatives**



Best Managed City Initiatives

- **Water Conservation**
- **Water leak repair response times**
- **Climate protection**
- **Balcones Canyonlands Conservation Plan**
- **Lean program**
- **Asset Management**



Proposed FY 2011 Budget

Budget Highlights





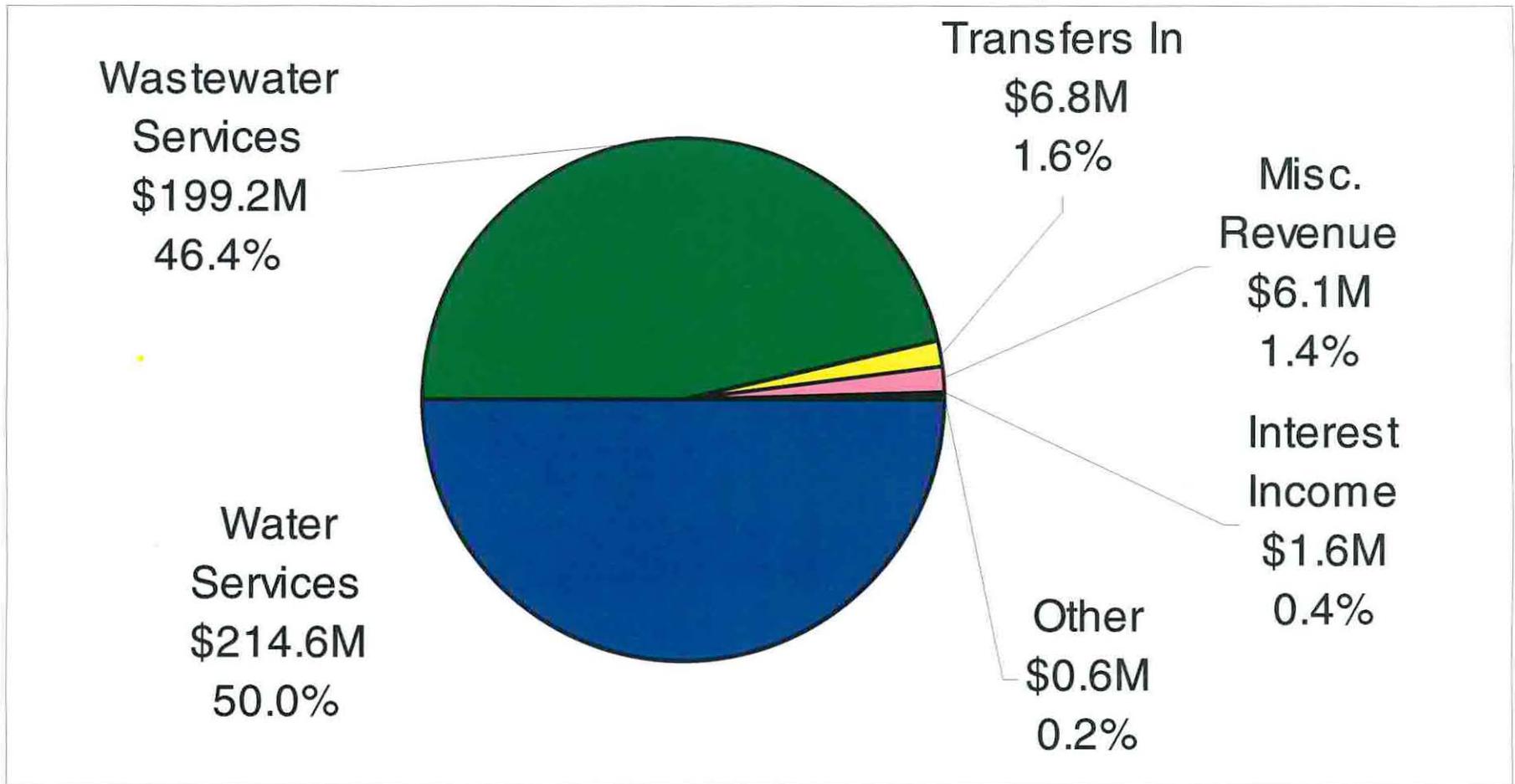
Proposed FY 2011 Budget

Fund Summary

	<u>2011 Proposed</u>
Beginning Balance	\$49.0
Revenues:	
Service	\$414.4
Other	14.5
Total Revenues:	<u>\$428.9</u>
Requirements:	
O&M	\$181.8
Debt Service	171.6
Transfers	86.3
Total Requirements	<u>\$439.7</u>
Ending Balance:	<u>\$38.2</u>
Rate Increases	4.5%
Debt Coverage	1.51

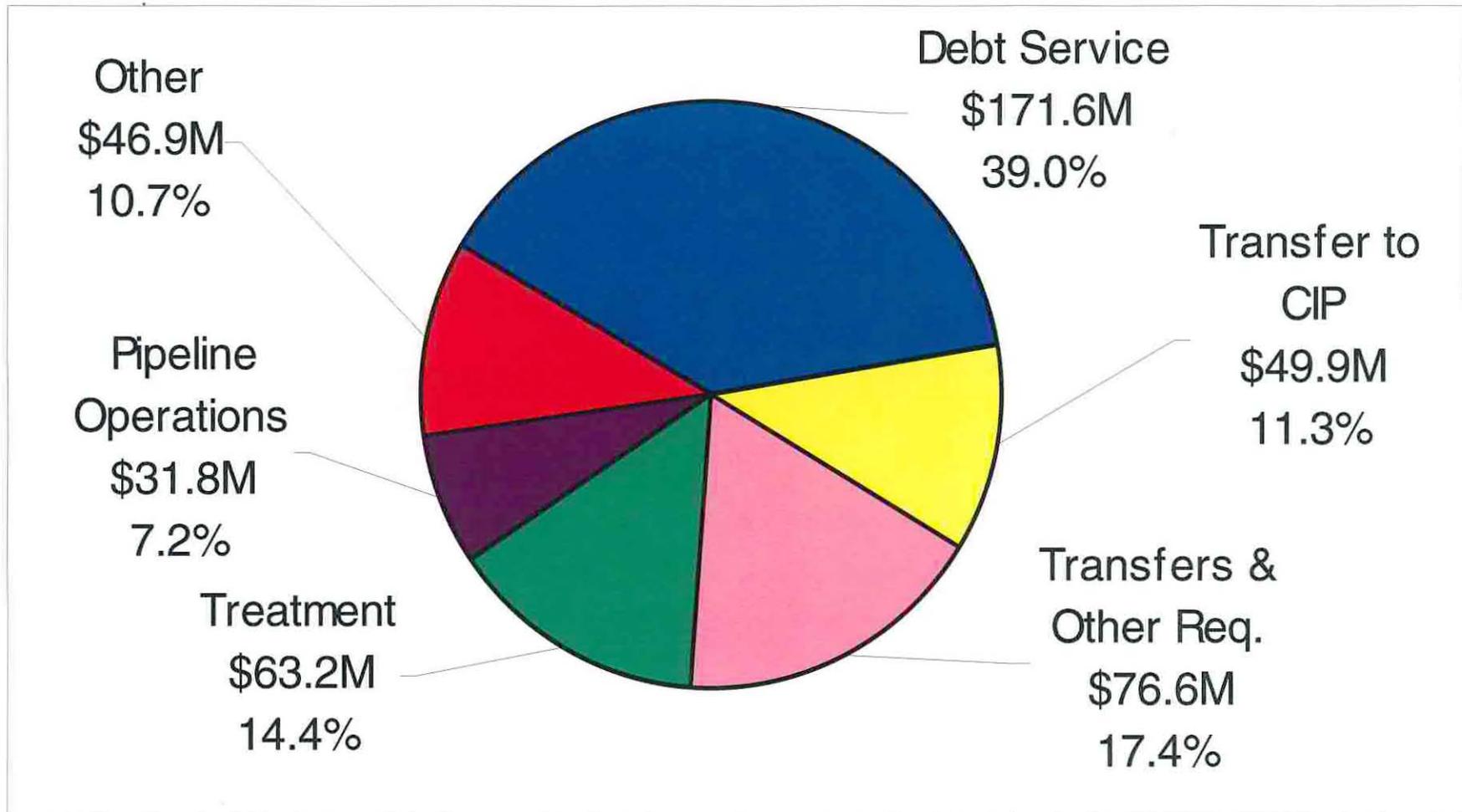
Proposed FY 2011 Budget

Sources of Funds - \$429 M



Proposed FY 2011 Budget

Uses of Funds - \$440 M





Proposed FY 2011 Budget

Operating Requirements





Operating Cost Drivers

Category	Proposed Increases	Justification
Personnel Costs	\$4.0	<ul style="list-style-type: none"> • 2.5% wage adjustment • 2.0% additional retirement contribution • 10% health insurance increase • Service incentive pay
Support Costs	\$2.4	<ul style="list-style-type: none"> • AE customer care • City Administrative Support • Software license agreement
Chemicals and Electrical Costs	\$1.0	<ul style="list-style-type: none"> • \$1.4 M increase in chemicals • \$0.4 M decrease in electrical costs
Cost Reductions	(\$2.9)	<ul style="list-style-type: none"> • Brushy Creek Wastewater System • Water conservation rebates
Total	\$4.5	

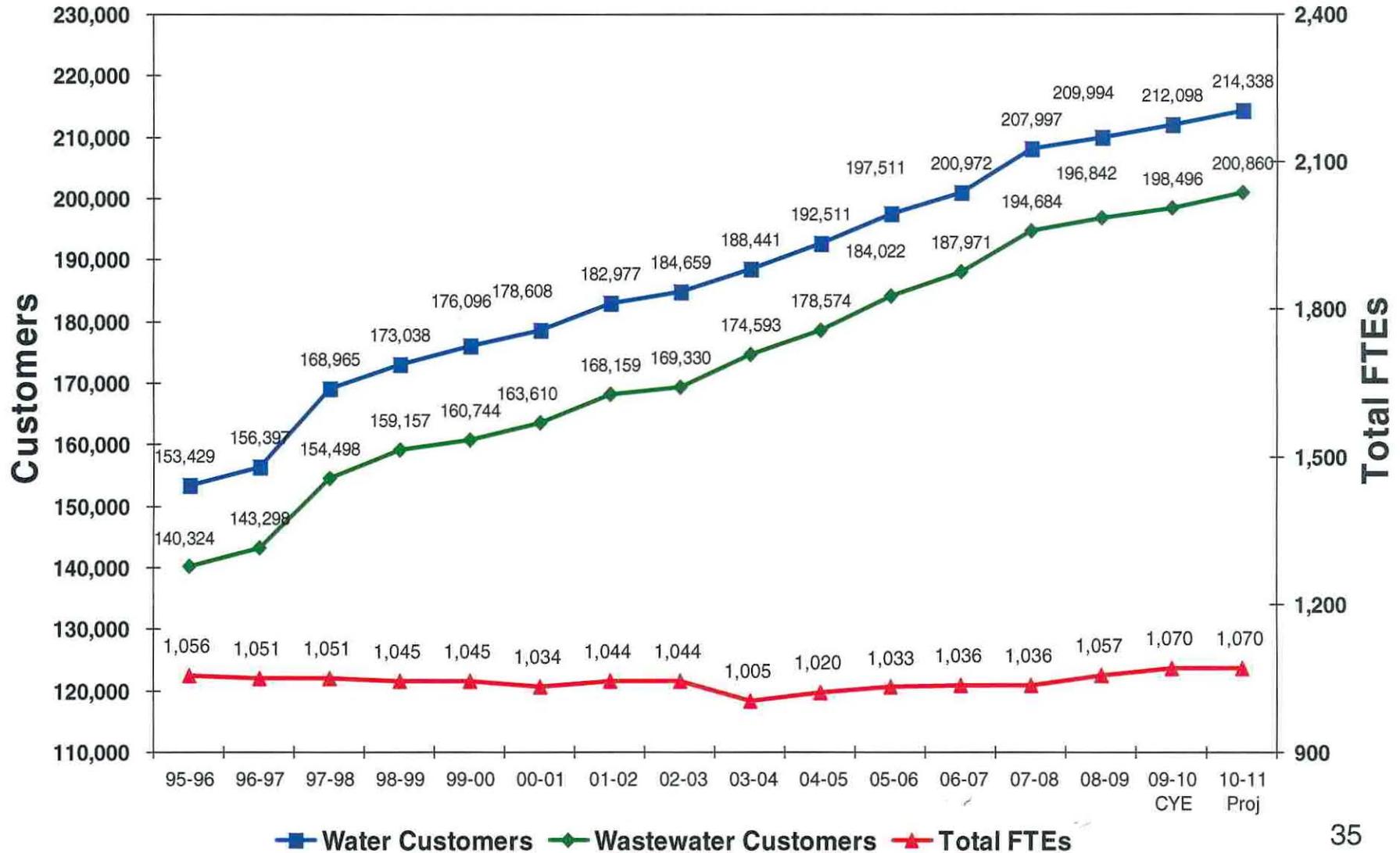
Proposed FY 2011 Budget

- **Operating Budget Highlights**
 - FY 2011 – contractual and commodity targets at 2008 actual costs
 - No new positions proposed
 - Conservation efforts
 - Water leak response times
 - Balcones Canyonlands Preserve
 - General Fund Transfer \$31 M
 - Overall operating budget 2.6% increase



Operating Requirements

FTE's vs. Customer Growth





Proposed FY 2011 Budget

Capital Improvement Program





Proposed FY 2011 Budget

- **\$1.27 Billion 5-Year Capital Spending Plan**

\$ in millions

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Total</u>
Water	\$169.4	\$227.5	\$208.6	\$147.9	\$92.5	\$845.9
Wastewater	<u>106.1</u>	<u>88.3</u>	<u>63.4</u>	<u>75.3</u>	<u>93.5</u>	<u>426.6</u>
Combined	<u>\$275.5</u>	<u>\$315.8</u>	<u>\$272.0</u>	<u>\$223.2</u>	<u>\$186.0</u>	<u>\$1,272.5</u>

- **\$54.9 million in FY 2011 appropriations**



Proposed FY 2011 Budget

Major Capital Projects for FY 2011-15 (Millions)

- **WTP4 and associated transmission mains** **\$407.4**
- **Existing treatment plant improvements** **\$208.1**
 - \$24.1 in ARRA stimulus funding
- **Water & wastewater system rehabilitation** **\$178.9**
- **Service extension requests** **\$ 69.9**
- **South I-35 water & wastewater program** **\$ 65.6**
- **Reclaimed water projects** **\$52.3**
 - \$20.6 for Water Conservation Task Force projects
- **Downtown Wastewater Tunnel** **\$ 28.0**



Proposed FY 2011 Budget

Proposed Rates



Proposed FY 2011 Budget

- **Proposed 2011 System-Wide Rate Increases**

– Water	5.4%
– Wastewater	3.6%
– Combined	4.5%

Customer class rate increases vary due to application of cost of service methodologies





Proposed FY 2011 Budget

Proposed Customer Class Rate Impacts

	<u>Water</u>	<u>Wastewater²</u>
Residential	6.7% ¹	5.0%
Multi-Family	4.8%	2.6%
Commercial	4.1% ¹	3.3%
Large Volume / Industrial	4.5% ¹	2.9%
Wholesale	5.4%	1.1%
Combined Rate Increase	5.4%	3.6%

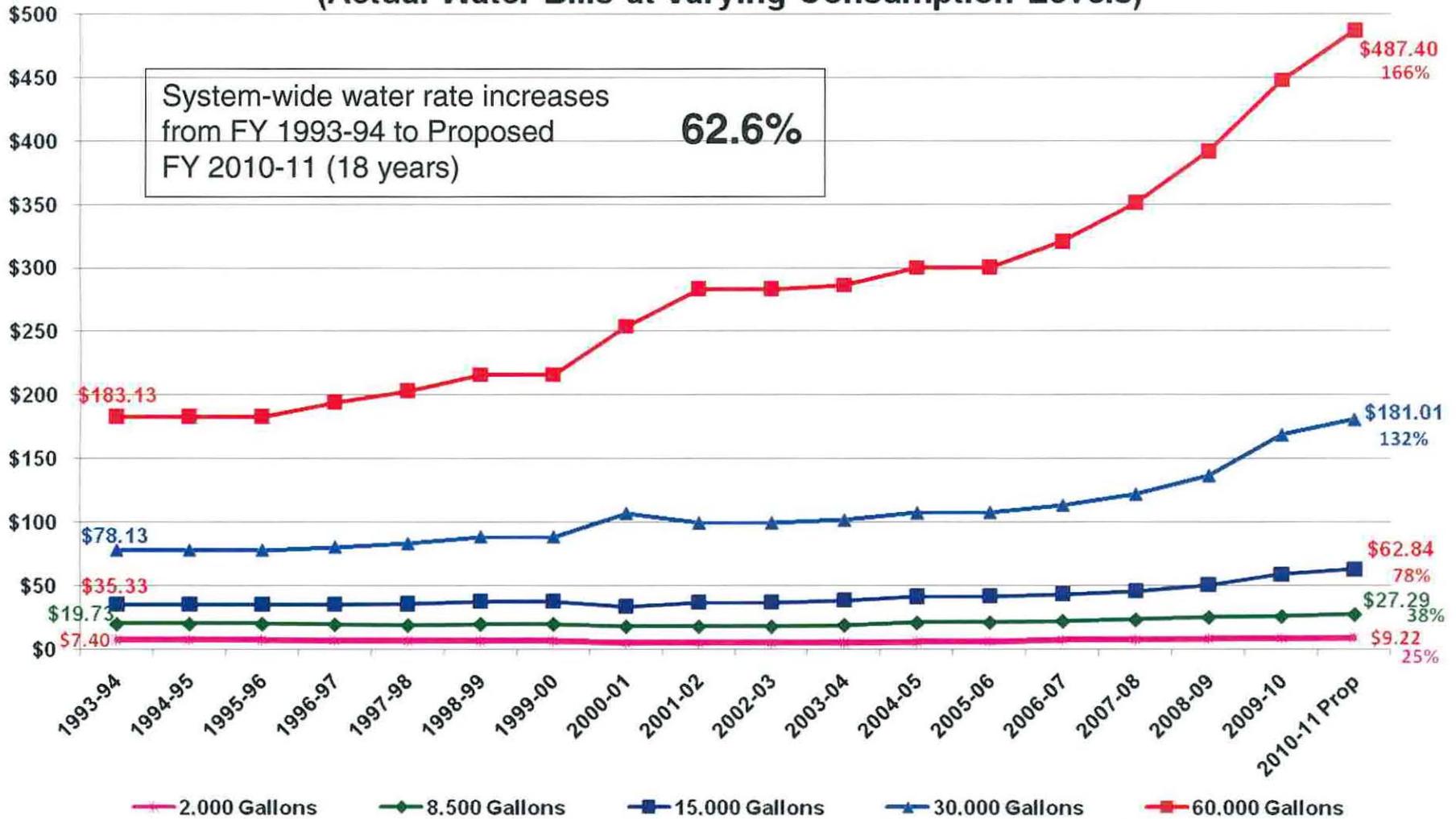
¹ Includes 1% transition to cost of service

² All classes at cost of service



Residential Water Rate Design

Historical Monthly Residential Water Bill Comparison
(Actual Water Bills at Varying Consumption Levels)





Proposed FY 2011 Budget

Average Residential Customer Bill Impact

(8,500 gallons water usage and 5,000 gallons wastewater flow)

	Current <u>2010</u>	Proposed <u>2011</u>	<u>\$ Bill Change</u>	<u>% Bill Change</u>
Water Bill	\$28.80	\$30.57	\$1.77	6.1%
Wastewater Bill	<u>\$38.55</u>	<u>\$40.62</u>	<u>\$2.07</u>	<u>5.4%</u>
Combined Bill	\$67.35	\$71.19	\$3.84	5.7%

Key Goals for 2011

- **Water Conservation**

- 10-year work plan development, reviewed by Council, and begin implementation

- **Major Capital Project Delivery**

- WTP4 – plant and raw water facilities under construction
- South IH-35 program substantially complete

- **Reclaimed Water System**

- University of Texas cooling towers to begin conversion to reclaimed

- **Awards & Recognition**

- NACWA awards for sewage effluent quality
- Partnership for Safe Water
- PISCES award for Hornsby project- best SRF loan funded projects



Proposed FY 2011 Budget

Questions?



Austin Energy

FY 2010-11 Proposed Budget

Robert D. Goode, Interim General Manager

August 25, 2010

Our Mission:

*Deliver Clean, Affordable, Reliable Energy
and Excellent Customer Service*



FY 2010 Accomplishments



- #1 in voluntary renewable energy sales in U.S. for 8th consecutive year
- ARRA grant recipient \$23.9 million
- Generation Resource plan adopted, subject to development of Affordability Matrix
- Energized the rebuilt Koenig Lane substation
- Replaced over 55 miles of distribution line
- Energized 100 MW peaking units at Sand Hill Energy Center
- Initiated project to replace customer billing system
- Preparation and testing for Nodal market which begins December 2010
- Quality Management (ISO) certification for Customer Care; recertification for Electric Services Delivery
- Completed installation of remaining automated meters
- Austin designated as a pilot electric car city for the Chevy Volt



Best Managed City

- National leader
 - ✓ Energy Efficiency, Green Building and renewable energy
 - ✓ Quality management certification for electric service delivery, customer care and environmental protection
 - ✓ Partner in Pecan Street project
- Customer Information and Billing System replacement
- National Energy Regulatory Commission (NERC) reliability compliance program
- General Fund Transfer
- Rates remain competitive
- Strong safety focus
- Workforce development – partner with Austin Community College for Utility Lineman Certification





Budget Facts



(In Millions)

	FY 2009 Actual	FY 2010 Amended	FY 2010 CYE	FY 2011 Proposed
Revenue	\$1,224.3	\$1,244.3	\$1,196.7	\$1,230.3
Expenditures	\$1,300.2	\$1,312.4	\$1,264.7	\$1,276.7
FTEs	1,718.75	1,721.75	1,721.75	1,721.0

- 9th largest public power electric utility in U.S.
- Over \$3.6 billion assets
- Over \$1.0 billion annual revenue
- 437.06 square mile service territory
 - City of Austin and parts of Travis & Williamson Counties
- Electric provider for 400,000+ customers
- About 11,300 miles of distribution lines
- 1,721.00 full time employees





2011 Budget Highlights

Operating Budget

- No electric base rate increase (since 1994)
- Transmission rider recovers increasing Texas grid costs
- Fuel cost reductions
- Reduced forecast gap from \$83 million to \$46 million
- General Fund transfer rate of 9.1% maintained
- Strategic Reserve sustained

Capital Plan

- \$937.2 million 5-year plan, \$570.3 million debt funded
- \$237.0 million spending plan in FY 2011
- Projects for power supply, reliability and customer service



Fund Summary

		Amended 2010	Forecast 2011	Proposed 2011
Beginning Balance	\$	174.8	160.3	169.3
Revenue	\$	1,242.3	1,233.7	1,230.3
Transfers In	\$	2.0	0.0	0.0
Available Funds	\$	1244.3	1,233.7	1,230.3
Operating Requirements	\$	910.5	919.5	905.0
Debt Service	\$	178.3	177.3	169.4
Transfers Out	\$	205.3	199.3	177.8
Other Requirements	\$	18.3	20.8	24.5
Total Requirements	\$	1,312.4	1,316.9	1,276.7
Excess (Deficiency)	\$	(68.1)	(83.2)	(46.4)
Ending Balance	\$	106.7	77.1	122.9
Strategic Reserve Fund	\$	138.1	138.1	138.1



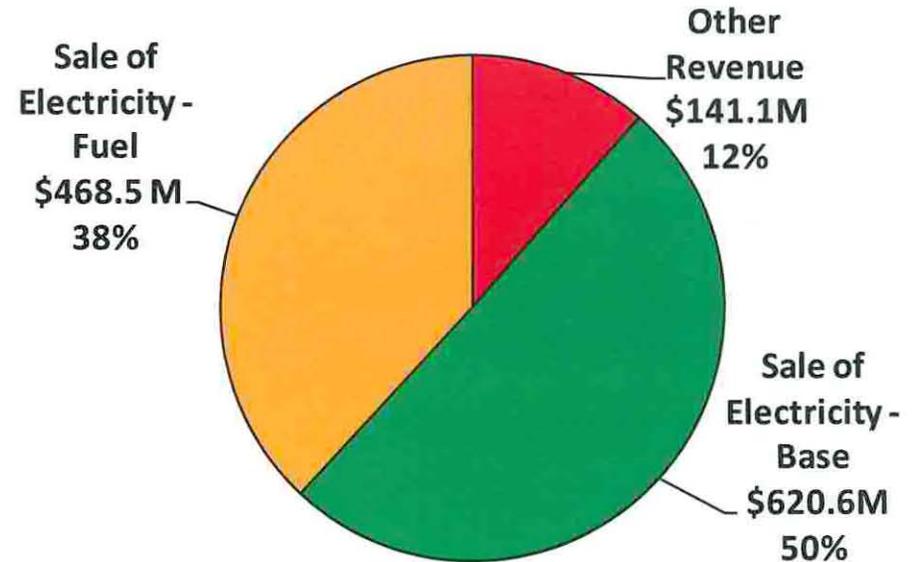
Revenue



- Base Electric Revenue
- Fuel Revenue
- Other Revenue

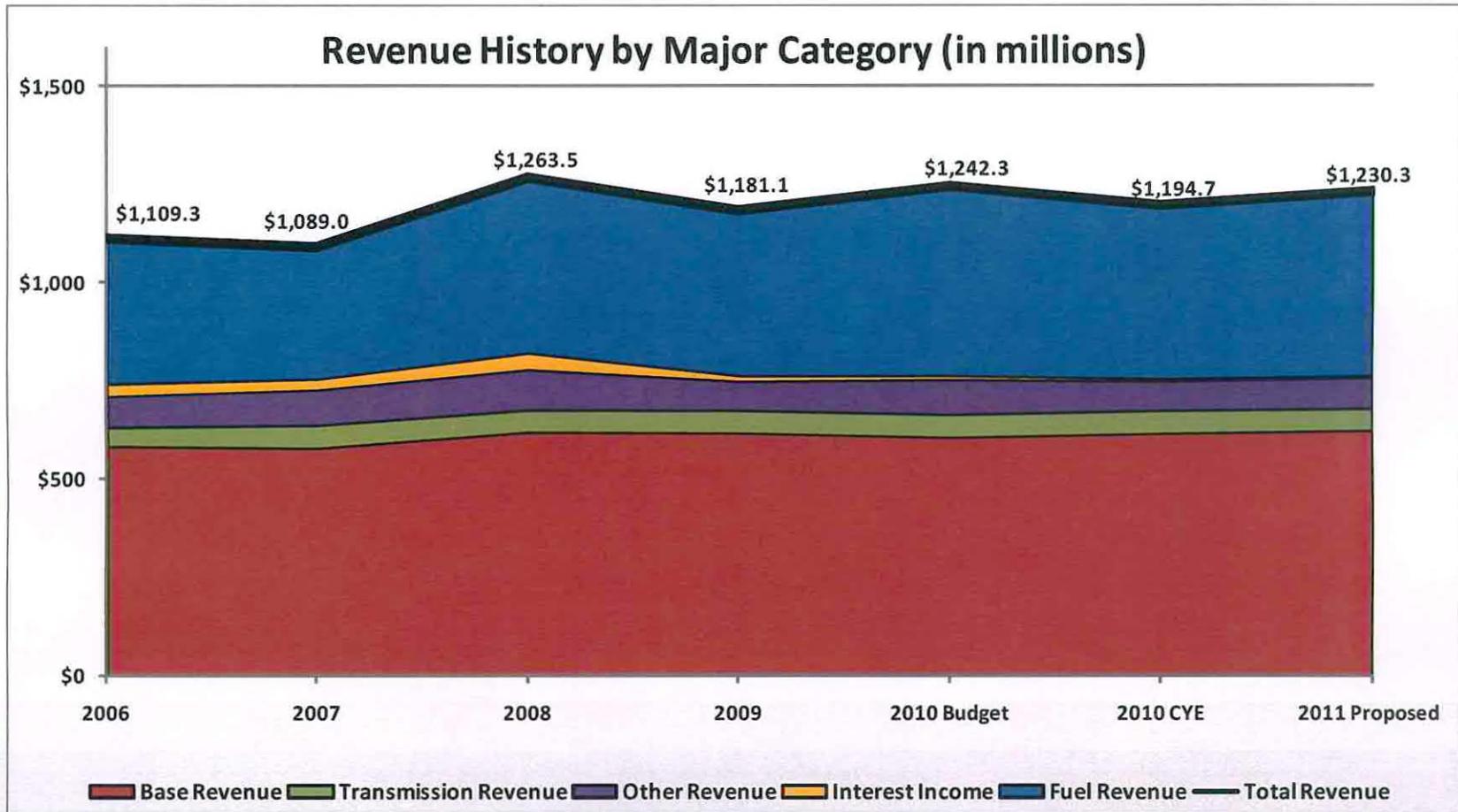
- ⚡ *Transmission*
- ⚡ *Wholesale Sales*
- ⚡ *Infrastructure Rental*
- ⚡ *District Cooling*
- ⚡ *Customer Fees*
- ⚡ *Interest Income*

FY 2011 Revenue **\$1,230.3M**



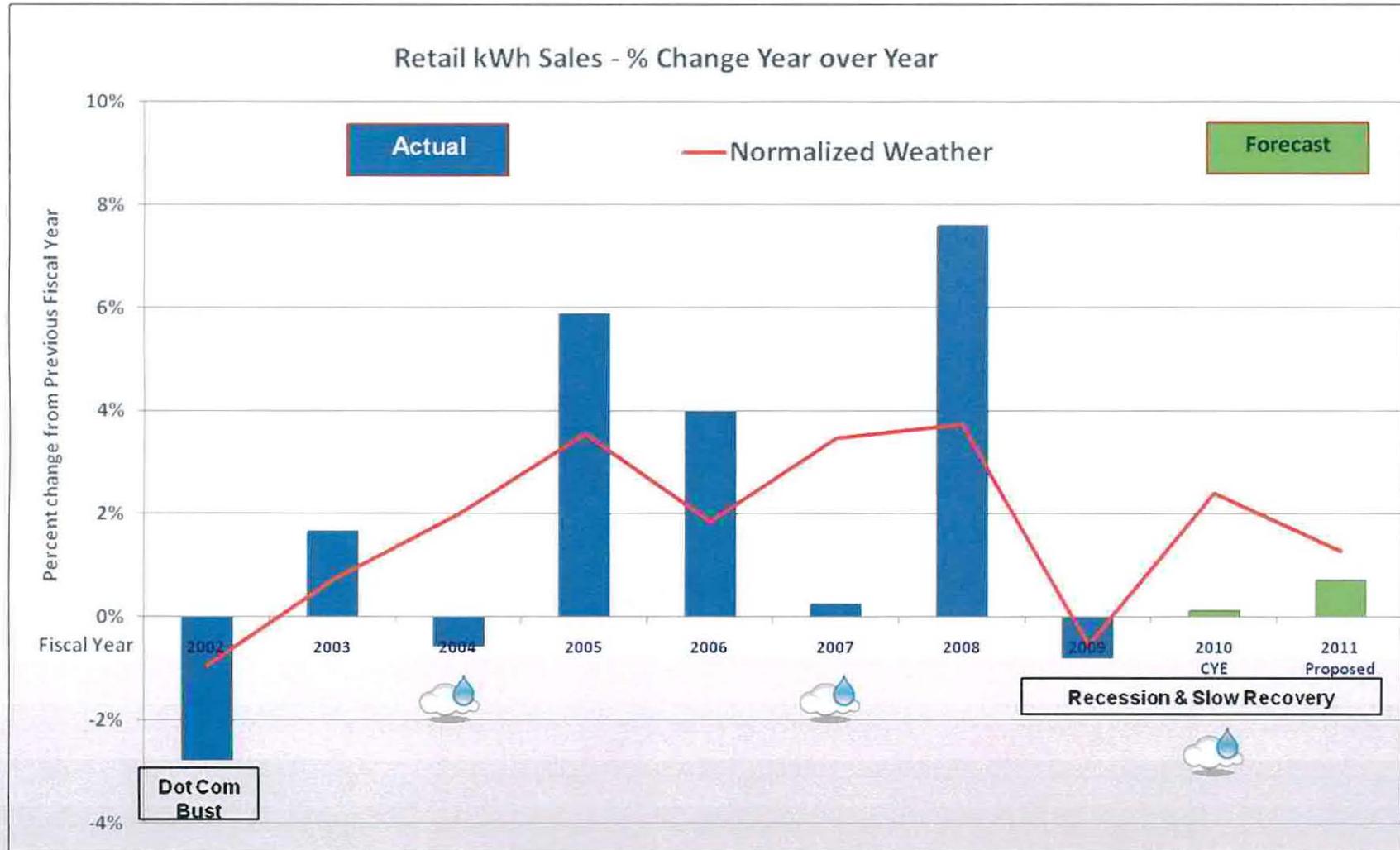


Revenue





Revenue





Requirements

Operating & Maintenance

⚡ *Fuel*

⚡ *Non-fuel*

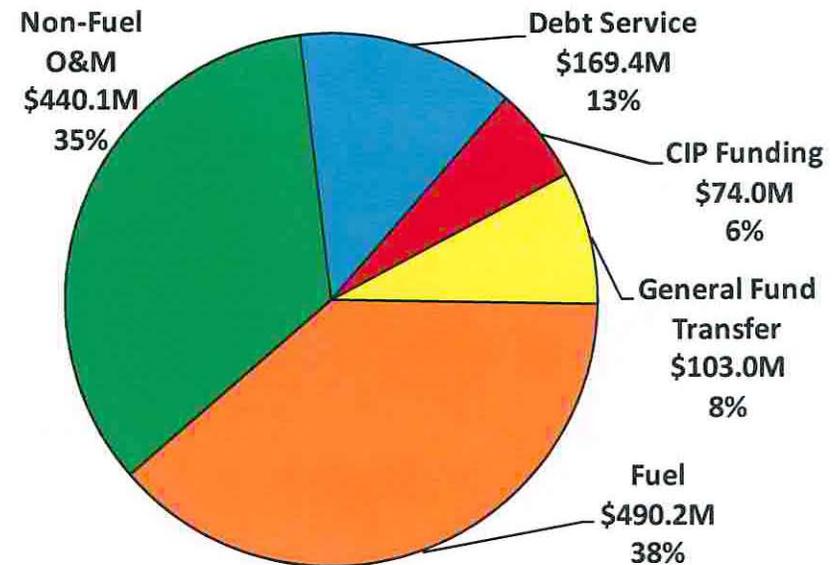
Capital Improvements (CIP)

⚡ *Debt Service*

⚡ *CIP Cash Funding*

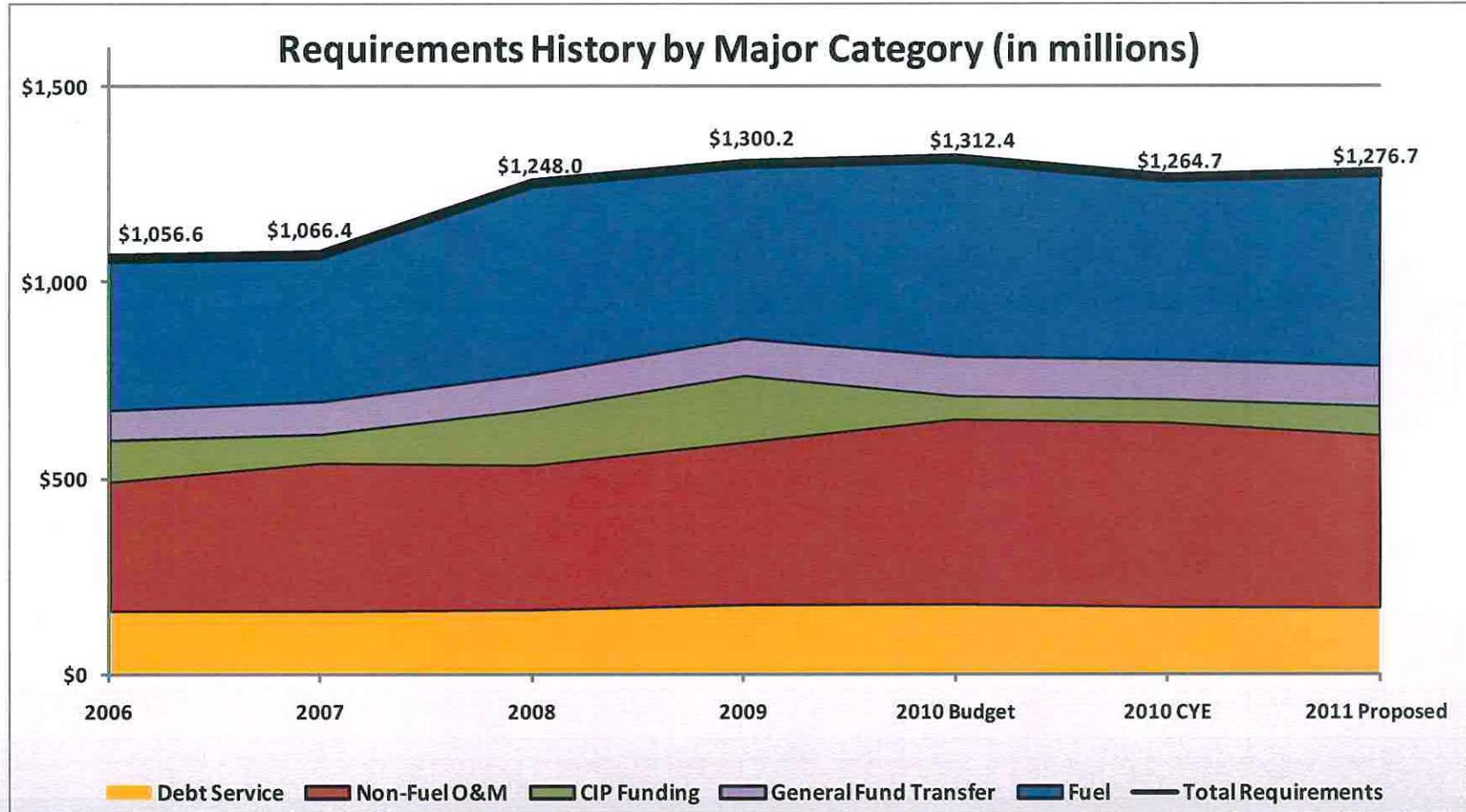
General Fund Transfer

FY 2011 Requirements **\$1,316.9M**





Requirements





Cost Drivers

- \$7.5 million for personnel city-wide initiatives
 - ⚡ \$2.9 million for salary adjustments of 2.5%
 - ⚡ \$1.4 million for Health/Life/Dental Insurance
 - ⚡ \$2.1 million for additional contributions for Retirement System
- \$4.2 million operating cost increase for South Texas Nuclear Plant and Fayette Power Plant
- \$5.9 million for non-fuel operating expenses due to increased contract and commodity costs
- \$0.5 million increase in property and equipment insurance
- \$1.0 million increase in Bad Debt expense due to economy
- \$16.1 million increase in cash funding of capital improvements
- \$2.0 million increase in General Fund Transfer maintaining current policy



Budget Reductions

- No new full time equivalents (FTEs)
- \$3.2 million decrease in maintenance for plant boiler, turbine and other equipment by adjusting maintenance schedules
- \$1.7 million decrease in Software Maintenance agreements
- \$9.1 million decrease in debt service requirements due to lower Capital Improvements Spending Plan
- AE net cost of 311 call center at \$2.1 million, a \$3.5 million decrease from FY 2010
 - ✓ Reimbursement based upon allocating costs for disaster recovery, then allocation by service levels





2011-2015 Capital Spending Plan



\$937.2 Million Five Year Capital Spending Plan

\$ in Millions	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Total</u>
Distribution	\$55.5	\$53.2	\$54.9	\$53.5	\$53.5	\$270.6
Distribution Substation	5.0	9.9	8.8	18.2	14.0	55.9
Transmission	<u>21.0</u>	<u>22.5</u>	<u>25.0</u>	<u>15.5</u>	<u>23.4</u>	<u>107.4</u>
Electric Service Delivery	81.5	85.6	88.7	87.2	90.9	433.9
Power Production	75.6	34.9	77.0	104.8	65.7	358.0
Customer Service Billing & Metering	16.9	4.0	3.8	3.1	3.5	31.3
Facilities, Technology & Support Services	<u>63.0</u>	<u>26.5</u>	<u>6.0</u>	<u>9.9</u>	<u>8.6</u>	<u>114.0</u>
Total	<u>\$237.0</u>	<u>\$151.0</u>	<u>\$175.5</u>	<u>\$205.0</u>	<u>\$168.7</u>	<u>\$937.2</u>

- \$570.3 million debt funded
- \$ 776.4 million lower than forecast – Build scenario - \$1,713.6 million
- Generation Plan includes Sand Hill Energy Center 200 MW - \$166.6 M



Capital Spending Plan



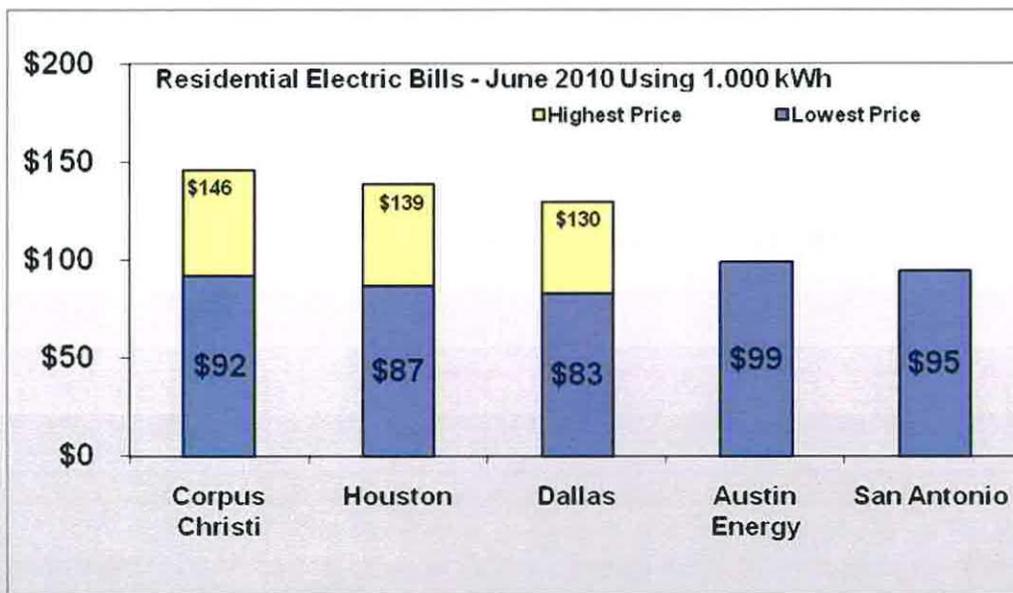
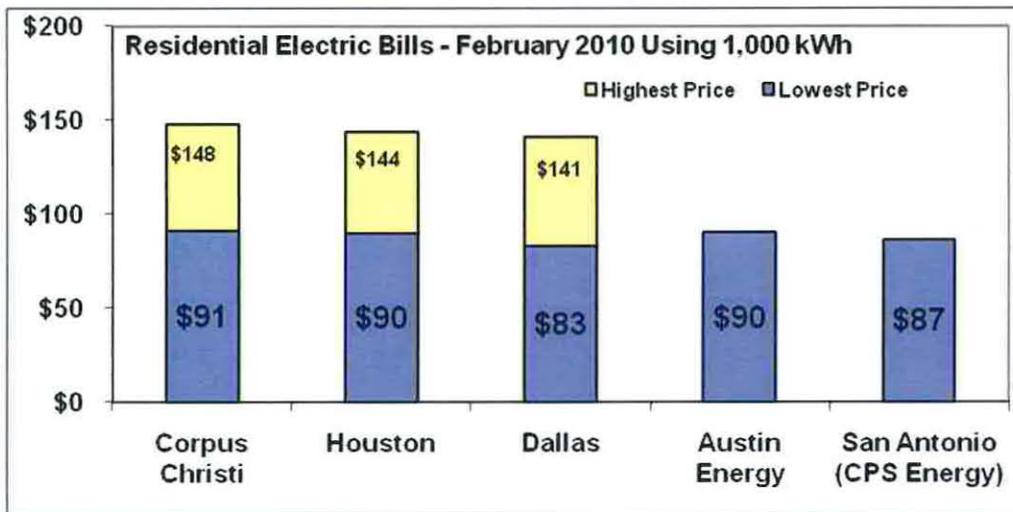
5 Year Plan - \$937.2 Million



- Distribution improvements \$326.4M
- Transmission improvements \$107.5M
- Overall \$32.9 million reduction in electric service delivery
- Sand Hill Energy Center - Total cost \$166.6 M Build-out Combined Cycle Gas Turbine 200 MW (FY 2013-2015)
- Fayette Power Project Scrubbers - \$32.5M in Plan - Total cost \$201.8M - Complete by 2012
- Customer Information System replacement - \$12.6M in Plan - Total cost \$36.4M – Complete mid-year 2011 - Multi-department project
- Relocate System Control Center - \$63.1M in Plan - Total cost \$90.6M - Complete 2012
- May need to accelerate some projects to FY 2011



Rates are Competitive



Electric Bills for Major Texas Cities

Retail rates remain competitive compared to other Texas utilities.

Summer 2010 and Winter 2010 bill comparison.

Charts provided for informational purposes only. Average usage will vary by city. Prices may vary by season and usage.

Source: Public Utility Commission of Texas. Additional information on Texas providers can be found at www.puc.state.tx.us.

Average residential customer usage in Austin
June 2010 at 1,098 kWh.
February 2010 at 808 kWh.



Transmission Rider

- FY 2011 transmission expense of \$66 million for Texas grid use expected to double in 5 years
- Proposed method to recover cost increases (no profit)
- Rider proposed in FY 2010, but withdrawn; utility absorbed \$5 million in lost revenue
- FY 2011 average monthly residential bill impact of 79 cents increasing to \$5.23 in FY 2015 (average usage of 959 kwh)
- Delay in Texas transmission construction schedule and costs kept rider lower than expected
- Adjust annually and based on utility's allocation of Texas transmission costs (4% of grid)





Fuel Adjustment Tariff



- Recovers fuel cost as pass-through to customers, no profit added
- Annual true-up, no change since January 1, 2008
- Expect fuel rate decrease January 1, 2011
 - ✓ Natural gas price decline is primary driver
- Items included in fuel charge
 - ✓ Average fuel and purchased power cost
 - ✓ Projected generation requirements and combination of plants used
 - ✓ Fees from Electric Reliability Council of Texas (ERCOT)
 - ✓ Renewable energy and congestion costs
 - ✓ Adjustment for previous over- or under-recovery

SECONDARY SERVICE

Rates provided in cents per kilowatt-hour (kWh) of electricity usage
 (For Rates: E01, E02, E03, E04, E05, E06, E10, E13, E14, E23, ENW)

January 1, 2004 - December 31, 2005	2.796 cents /kWh
January 1, 2006 - December 31, 2006	3.634 cents /kWh
January 1, 2007 - May 31, 2007	3.343 cents /kWh
June 1, 2007 - December 31, 2007	3.044 cents /kWh
For electric bills received beginning January 1, 2008	3.653 cents /kWh



Key Goals



- Rate and Business Model review
- National Energy Regulatory Commission (NERC) reliability compliance program
- Reliability improvements
 - ✓ Mueller substation
 - ✓ Ongoing construction on electric service delivery system
- Customer Information and Billing system replacement
- Additional walk-in customer service center North
- Conservation rebates funded at a historic high; solar program maintained at \$4.0 million
 - ✓ \$14.5 million rebates for energy efficiency programs, an increase of \$2.5 million (21%) over FY 2010 Budget
 - ✓ Funding sufficient to meet peak demand savings goal of 37MW in FY 2010-11 and 800MW by 2020.



Challenges

- Texas Transmission Construction Program
- National energy legislation's impact on cost structure
- Texas Nodal market begins December 2010
- Uncertain fuel and energy prices, with volatile history
- Capital intensive industry – construction costs
- Changes in electric industry business model expected in long-term
- Rate review process



City of Austin Texas

2010 - 2011
Proposed Budget

Solid Waste Services

August 25, 2010

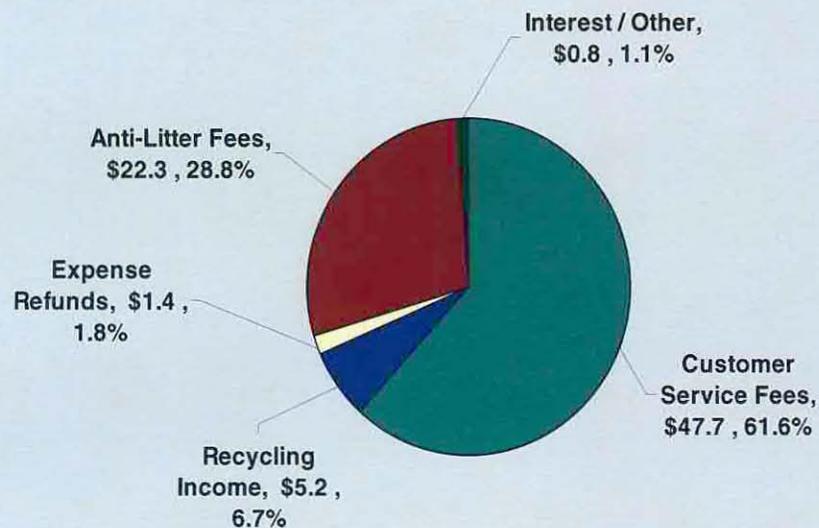


We're working hard EVERY DAY to keep Austin clean & green.

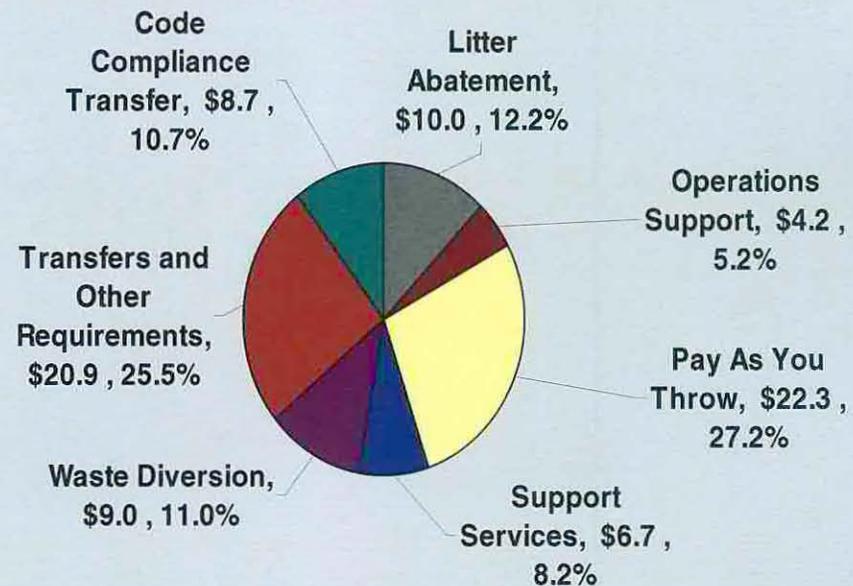


Sources and Uses of Funds

Sources



Uses



(\$ in millions)

Fund Summary

(\$ Millions)	FY10 CYE	FY11 Budget	Difference
Beginning Balance	\$9.6	\$15.8	\$6.2
Revenue	\$75.7	\$76.0	\$0.3
Program Requirements	\$47.9	\$52.2	\$4.3
Code Compliance Transfer	\$6.1	\$8.7	\$2.6
Transfers Out/Other	\$15.5	\$20.9	\$5.4
Ending Balance	\$15.8	\$10.0	(\$5.8)

Solid Waste Budget Highlights

- FY2011 proposed revenue neutral rate changes
- New marketing strategies
- Downtown Business District Dumpster service agreement
- City-wide Dumpster service agreement
- Expanded outreach and education efforts

Code Compliance Budget Highlights

- Implementation of commercial property investigations
- City Auditor's recommendation for upgrade of computerized case management system
- Increased community outreach
- Nuisance Abatement Team coordination

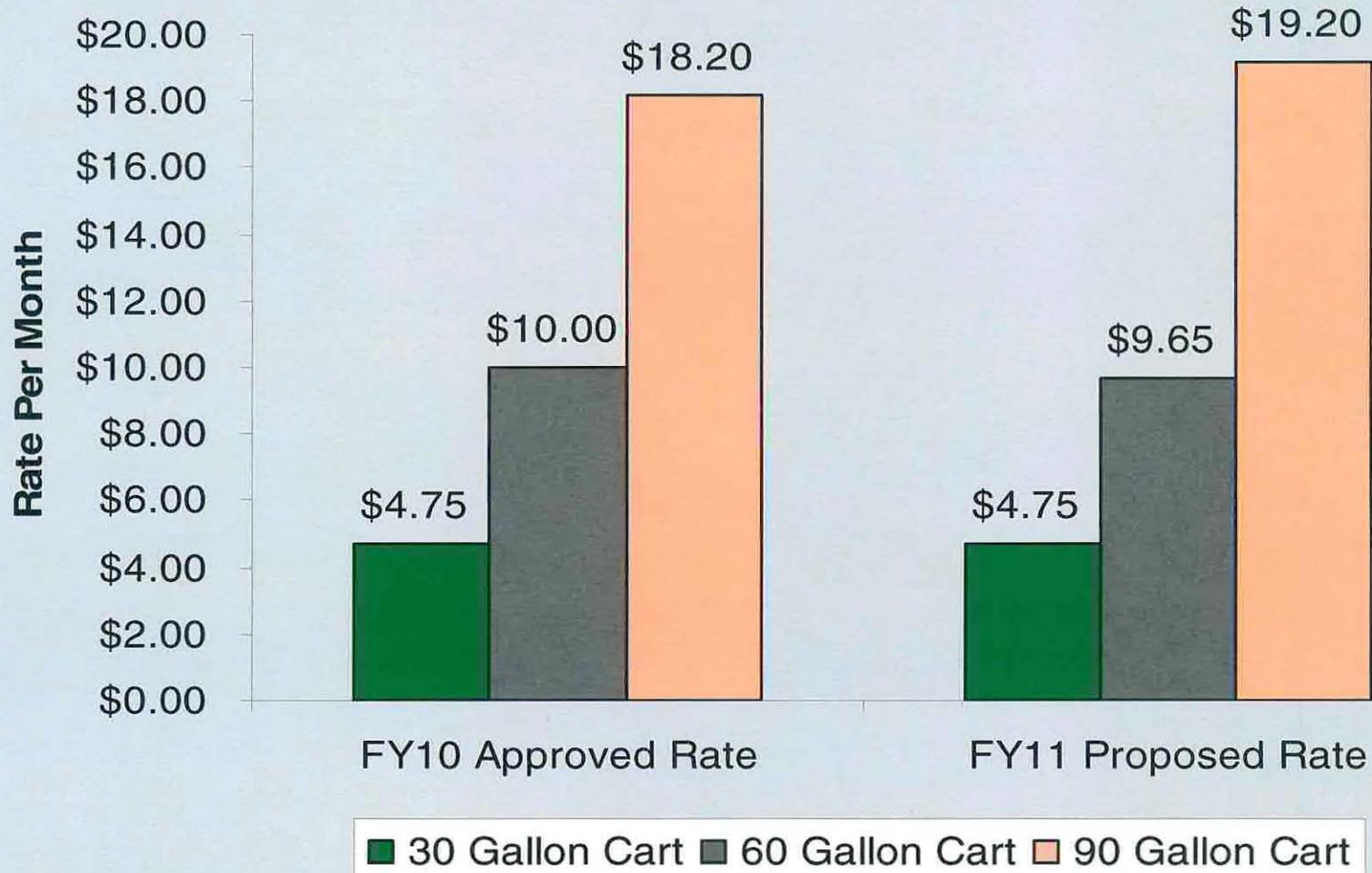
Budget Variances-Estimated to Proposed

- **Program Requirement Changes**
 - City-wide employee benefits - \$1.2M
 - Zero Waste programs - \$0.4M
 - Contractual and Commodities - \$1.8M
- **Transfers Out/Other Changes**
 - Increase in Code Compliance transfer - \$2.6M
 - Increase in GO debt service - \$1.8M
 - Transfer to 311 operations - \$3.4M

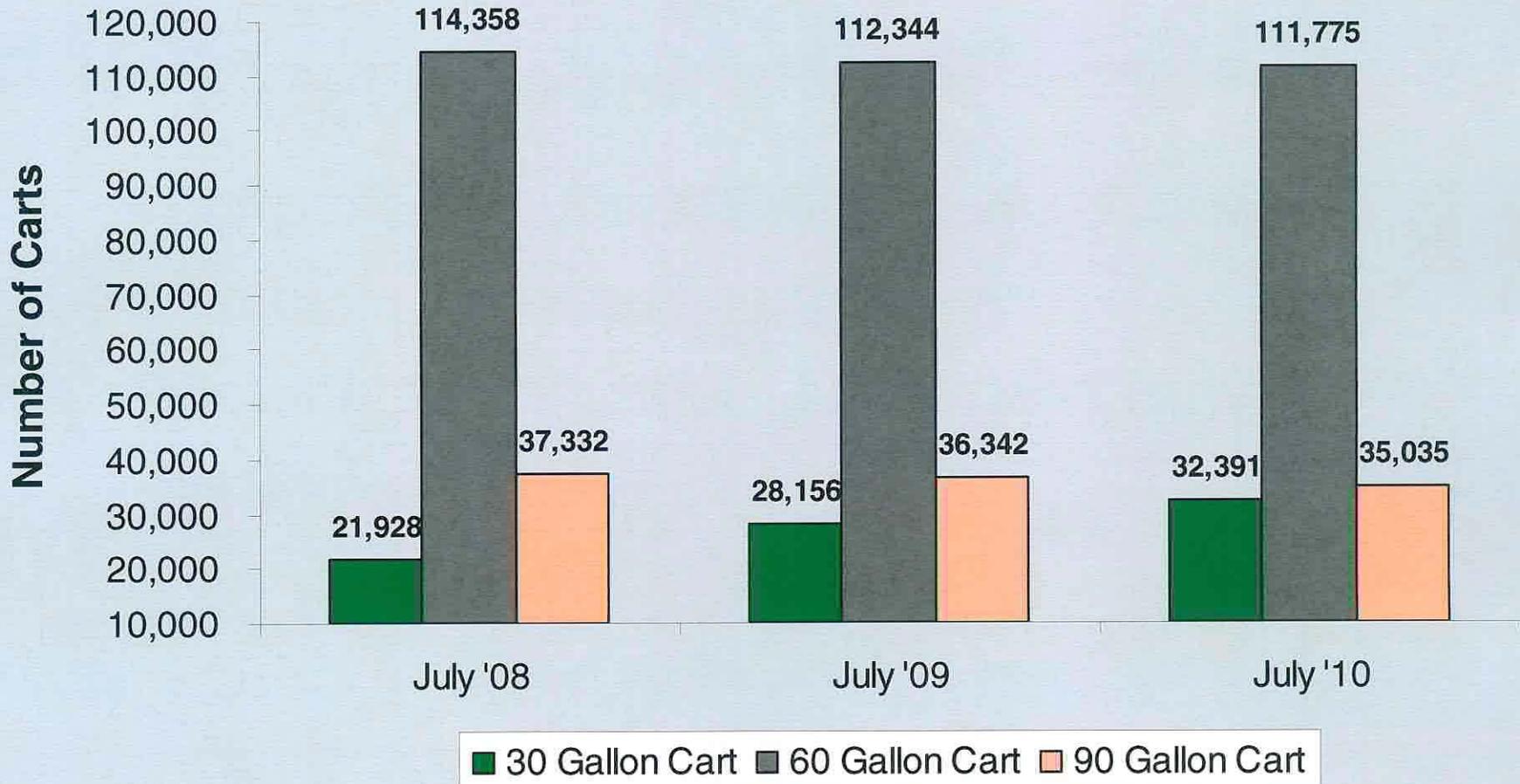
Capital Improvement Budget

- Total CIP Budget - \$17.2M
- Vehicles and Equipment - \$8.6M
 - Vehicles: 34 (includes 17 CNG and 14 Hybrids)
 - Equipment: 4 Trailers and 1 Tanker
- Closed Landfill Assessments/Remediation - \$8.6M
 - Loop 360 Site - \$1.0M
 - Rosewood Site - \$1.3M
 - Harold Court Site - \$6.3M

Proposed Rate Changes



Distribution of Customer Carts



FY2010 Budget Savings

- FY10 Reduction in Expenses
 - 34 Vacant Positions (\$1.2M)
 - Computer Equipment Purchases (\$0.3M)
 - Landfill Disposal Costs (\$0.3M)
 - Garbage Dumpster Collection Services (\$0.3M)

Zero Waste Implementation

- **Master Plan**
 - Interactive public workshops
 - Implementation roadmap
 - Rate structure and plan
- **Zero Waste Program Development**
 - Universal Recycling Ordinance; including waste reduction assistance training for businesses
 - New pilot programs and expansion of existing programs to encourage more diversion
 - Renaming and rebranding the department
 - Expanded outreach and education efforts

Recycling Services Agreement

- Lower Overall Tipping Fees
- Potentially Higher Revenues
- Protection from Market Extremes
- Living Wage Requirements
- Integrated Community Values
- Monthly Inspections
- Sales Receipts Requirements

Master Plan Development

- Integrate public input and values
- Develop new rate structure
- Present existing resources and needs
- Present proposal for expanded/new services
- Address “hard-to-recycle” issues
- Present new activities in Reuse and Waste Reduction
- Explore Tire and Glass Recycling options
- Encourage local markets & jobs

Best Managed City

- New Mission, New Vision
- Increase Diversion from 37% to 50%
- Address Customer Service Issues
- Fully integrate into 311 system
- Increase Employee Satisfaction
- Elimination of Waste Hauler Fees
- Service Agreements with Code Compliance and Fleet
- Benchmark performance measures to other Cities

Questions and Comments



Bob Gedert, Director
Solid Waste Services Department



FY2011 Proposed Budget Transportation Fund



Transportation Fund Overview

- Provides operating funds for PWD & ATD
 - Pavement & Sidewalk Maintenance
 - Signs & Markings
 - Signal Maintenance
- Sources of Funds
 - Transportation User Fee
 - Reimbursements
 - Grants
 - Other Sources



Fund Highlights

- Average increase of \$0.66/residential user
 - Proposed with FY10 budget
 - Produces an additional \$4.3M in revenue
- Enhancements
 - Deferred Equipment Procurement (PWD)
 - Technology Investments (ATD/PWD)
 - Additional Markings Crew
 - Additional Pavement Maintenance
 - Right of Way Maintenance from PARD
 - Street Lighting from General Fund

Fund Highlights

- Increase of 7 positions
 - +3 in PWD for Neighborhood Partnering Program and ROW Maintenance
 - +4 in ATD for additional striping crew
- Equipment
 - 8 items of new equipment in PWD
 - 15 items of replacement equipment in PWD



Public Works & Austin Transportation Departments

Sources & Uses

Line Item	FY10 CYE	FY11 Proposed	Variance
<i>Sources</i>			
Transportation User Fee	\$38.7M	\$43.0M	\$4.3M
Utility Cost Recovery	\$ 5.0M	\$ 5.9M	\$0.9M
Right of Way Fees	\$ 1.7M	\$ 1.7M	\$0.0M
General Fund Transfer	\$ 5.0M	\$ 1.7M	(\$3.3M)
Other Sources	\$ 0.8M	\$ 0.5M	(\$0.3M)
Total Sources	\$51.2M	\$52.8M	\$1.6M
<i>Uses</i>			
Public Works Operations	\$36.1M	\$38.7M	\$2.6M
Transportation Operations	\$ 8.5M	\$ 9.8M	\$1.3M
Debt Service Payments	\$ 1.9M	\$ 2.2M	\$0.3M
Other Transfers	\$ 0.8M	\$ 1.5M	\$0.7M
Other Requirements	\$ 5.4M	\$ 5.6M	\$0.2M
Total Uses	\$52.7M	\$57.8M	\$5.1M
Surplus/(Deficit)	(\$ 1.5M)	(\$ 5.0M)	(\$3.5M)



Public Works & Austin Transportation Departments

FY11 Considerations

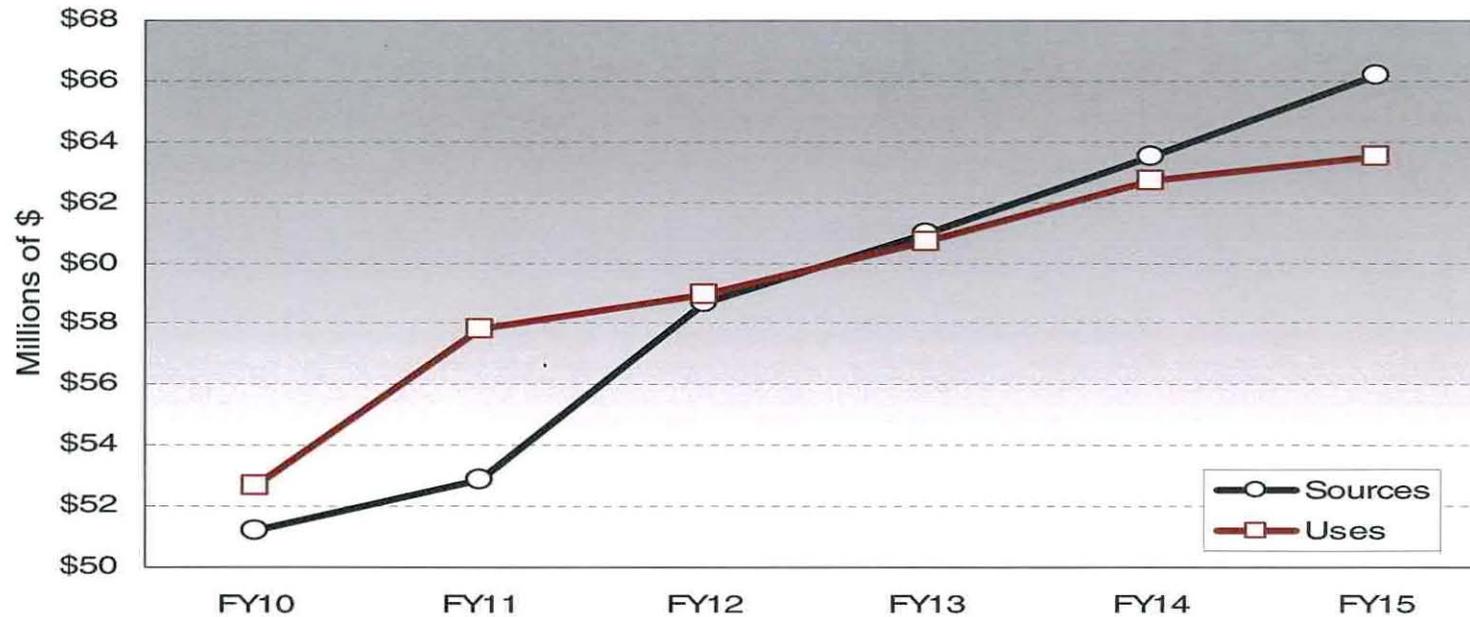
- Excess of Expenses over Revenues - \$5.0M
 - Maintain fund reserve of \$0.8M
 - No required minimum fund balance
- One Time Costs Included - \$4.6M*
 - Equipment Purchases - \$2.7M
 - PW Maintenance Management System - \$1.0M
 - ATD Maximo System - \$0.8M
 - Sidewalk Fee Account - \$0.1M

*Consistent with Council Policy on one-time purchases from fund balance.



Public Works & Austin Transportation Departments

5-Year Fund Balance

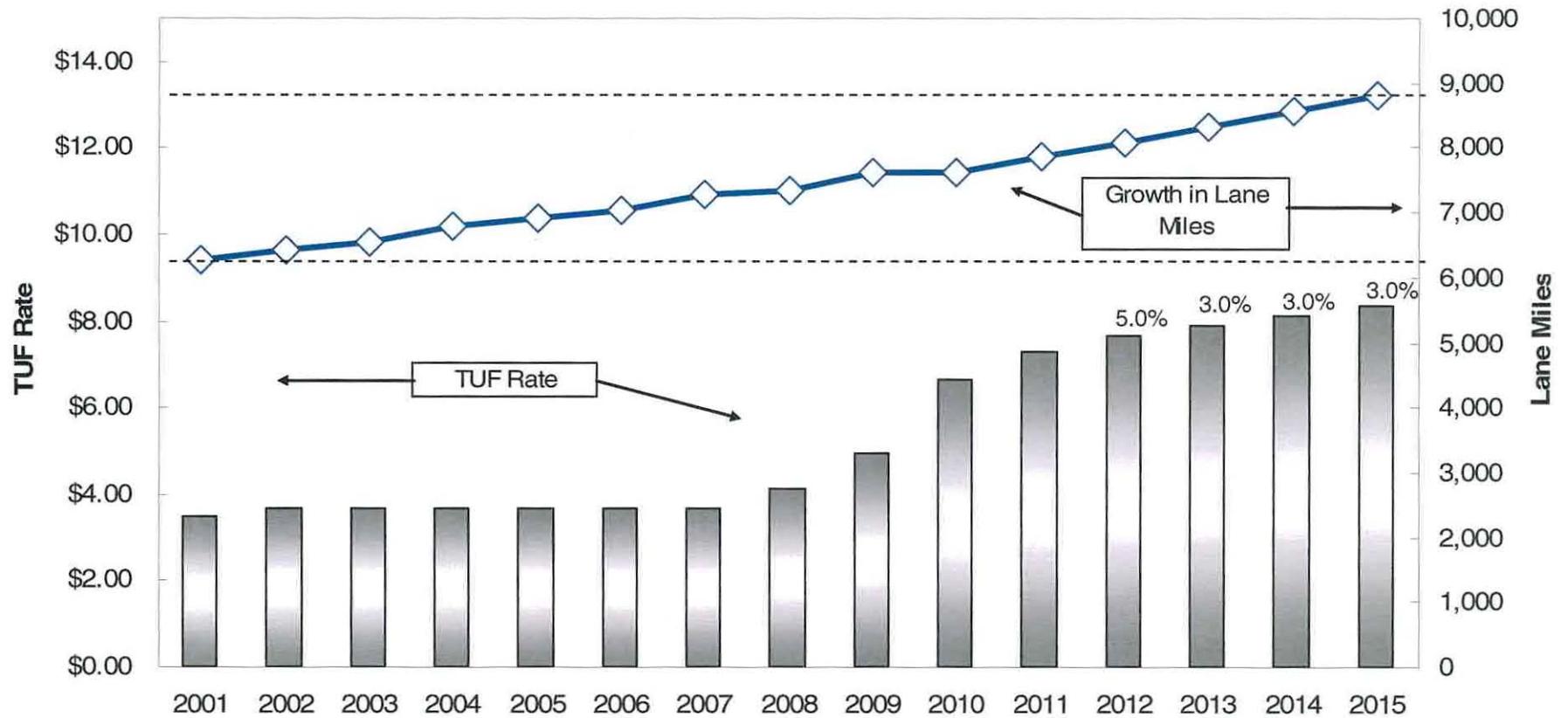


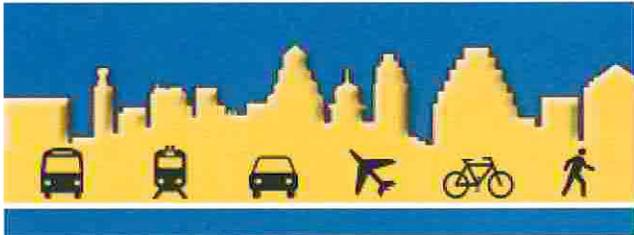
	FY10	FY11	FY12	FY13	FY14	FY15
Beginning Balance	\$ 7.2M	\$ 5.7M	\$ 0.8M	\$ 0.5M	\$ 0.8M	\$ 1.6M
Revenues	\$51.2M	\$52.9M	\$58.7M	\$61.0M	\$63.5M	\$66.2M
Expenses	\$52.7M	\$57.8M	\$59.0M	\$60.7M	\$62.7M	\$63.5M
Ending Balance	\$ 5.7M	\$ 0.8M	\$ 0.5M	\$ 0.8M	\$ 1.6M	\$ 4.3M

Public Works & Austin Transportation Departments



Inventory/TUF Rate

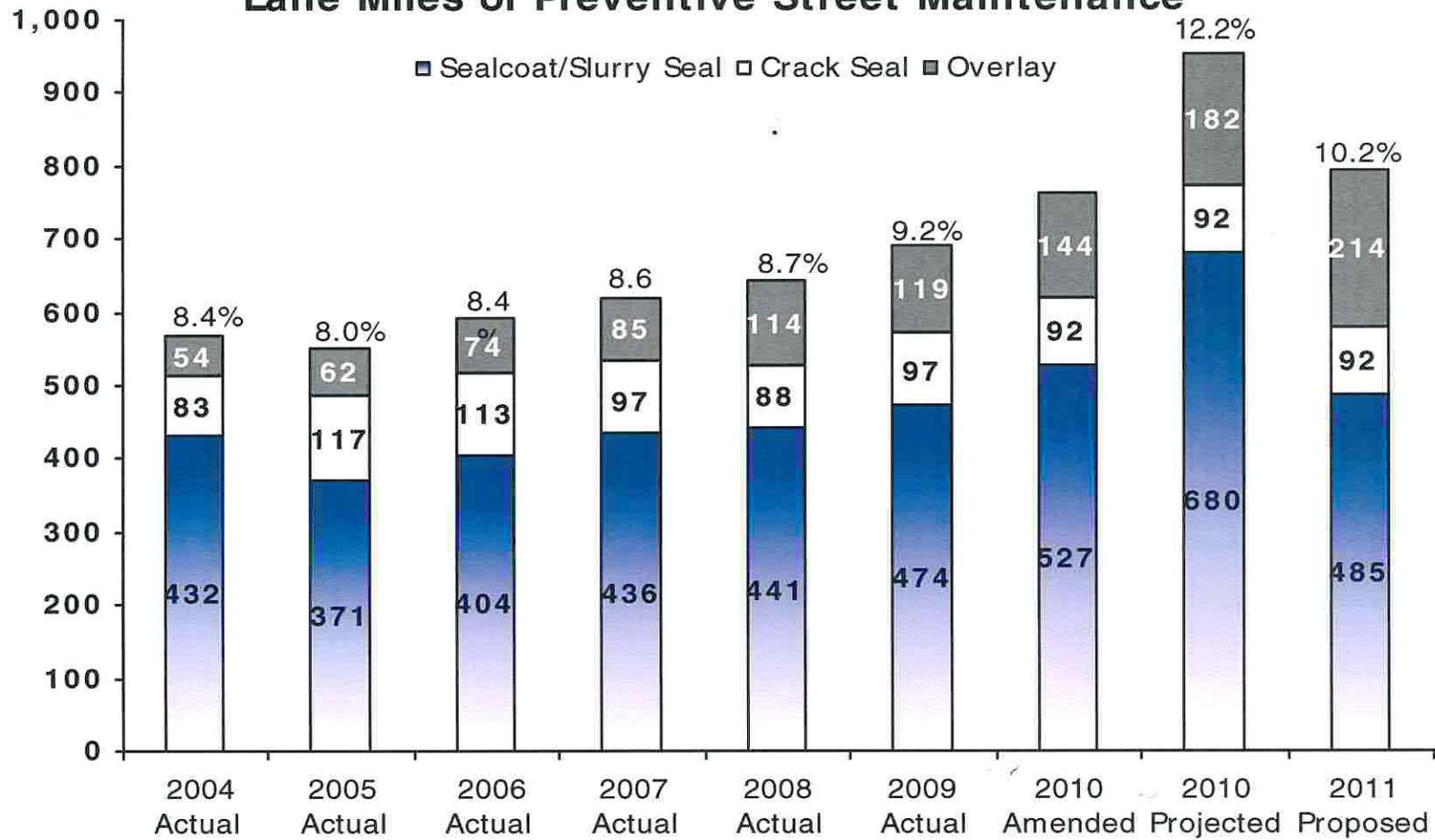




Public Works & Austin Transportation Departments

Work History

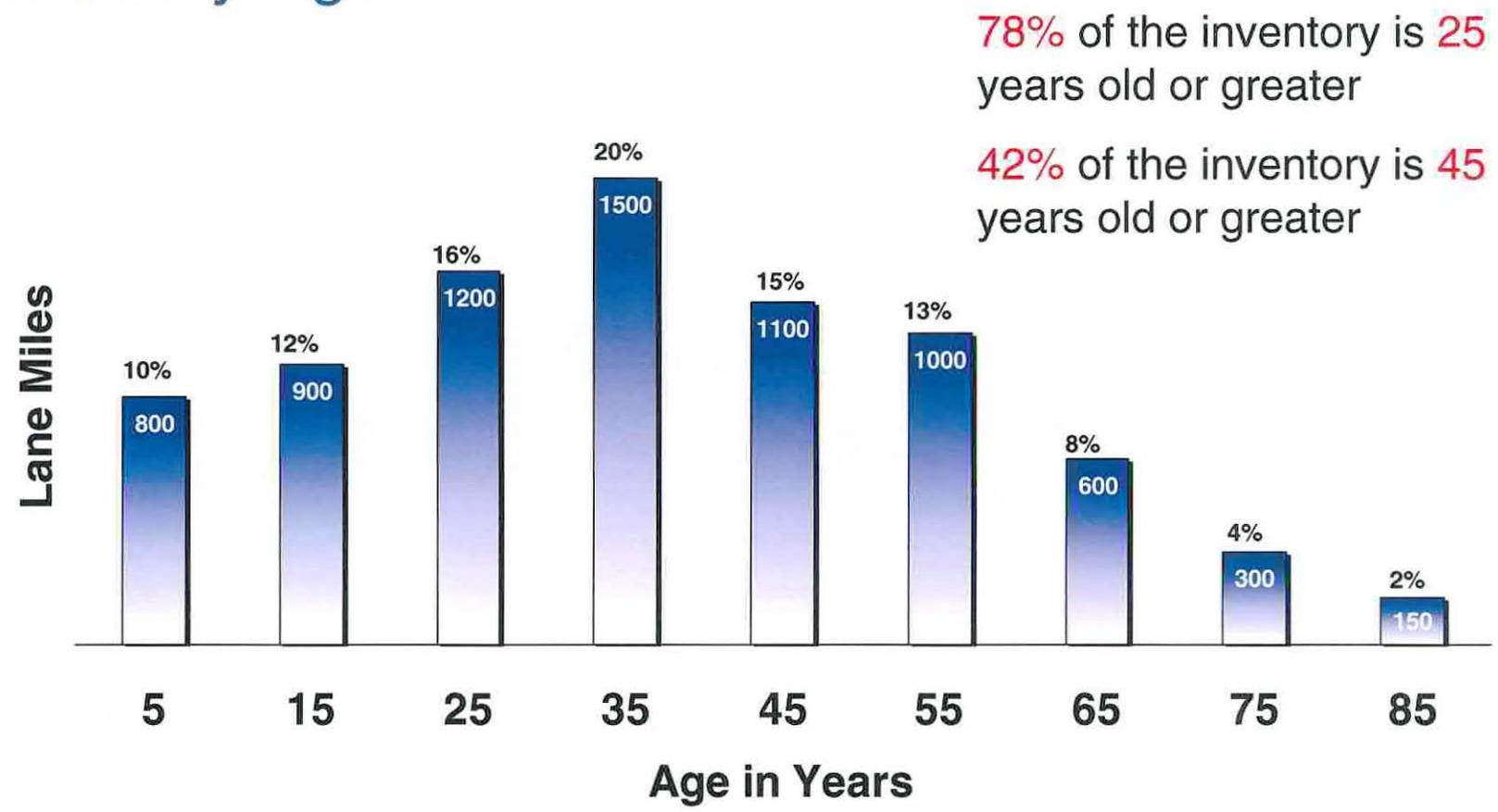
Lane Miles of Preventive Street Maintenance





Public Works & Austin Transportation Departments

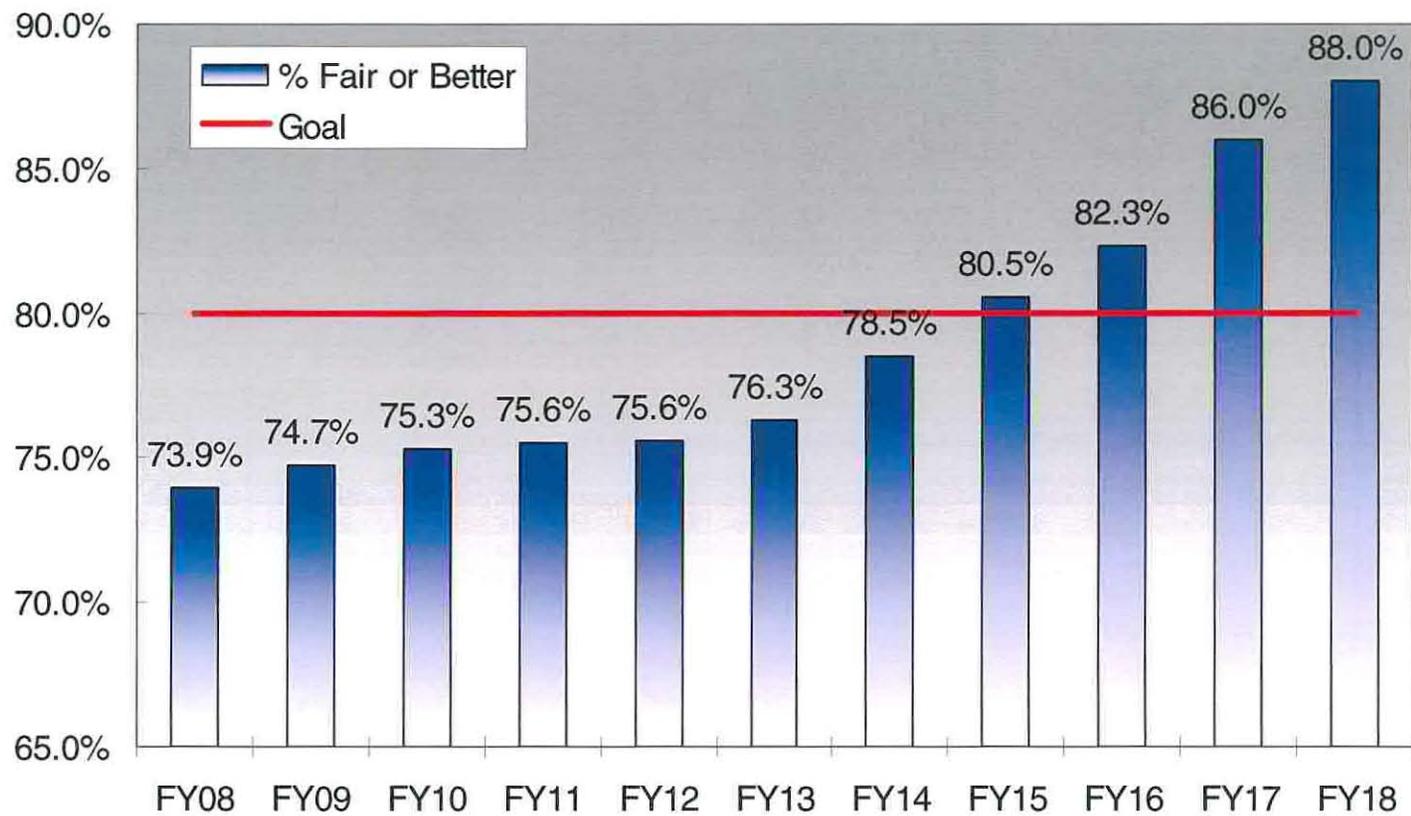
Inventory Age





Public Works & Austin Transportation Departments

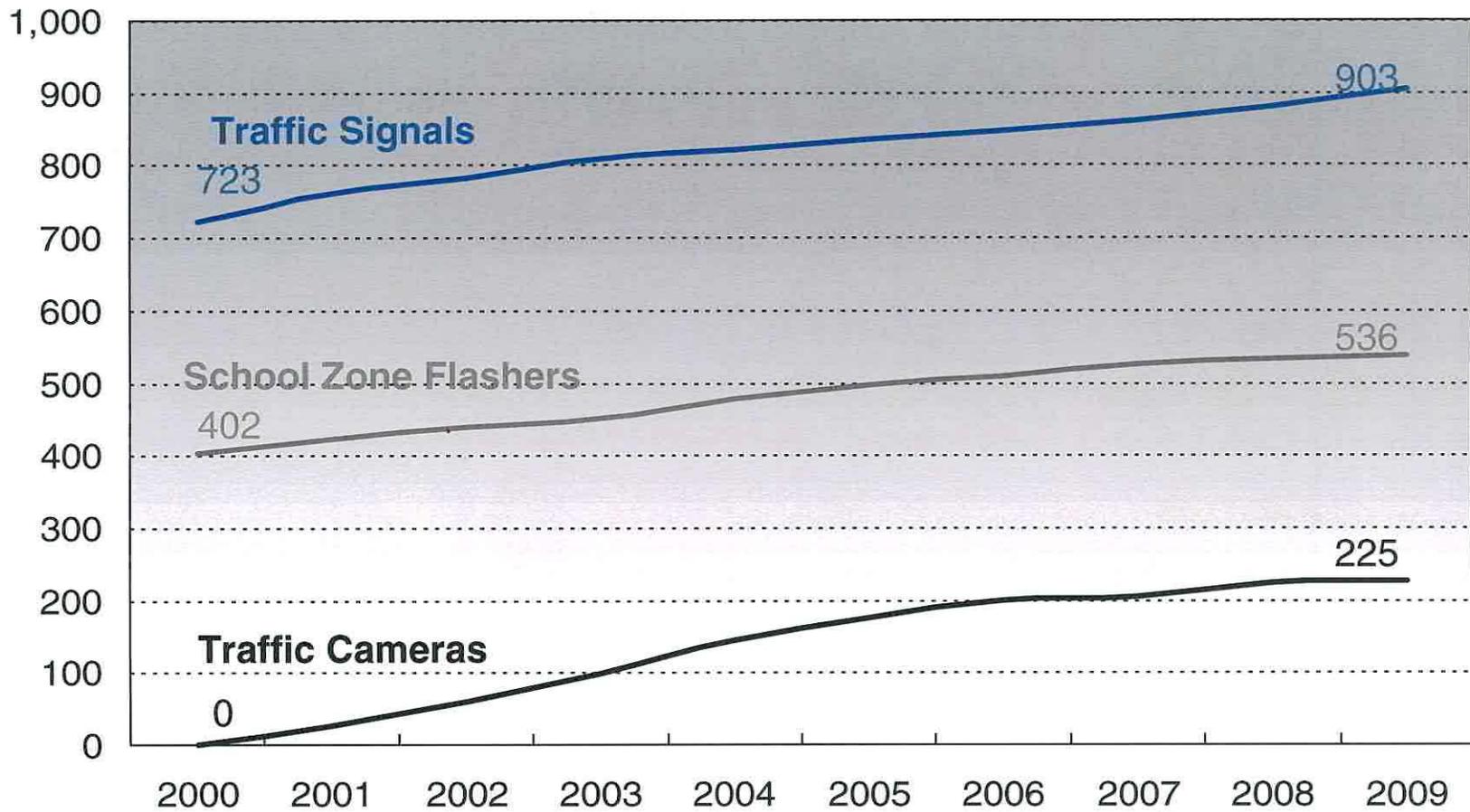
Program Goals





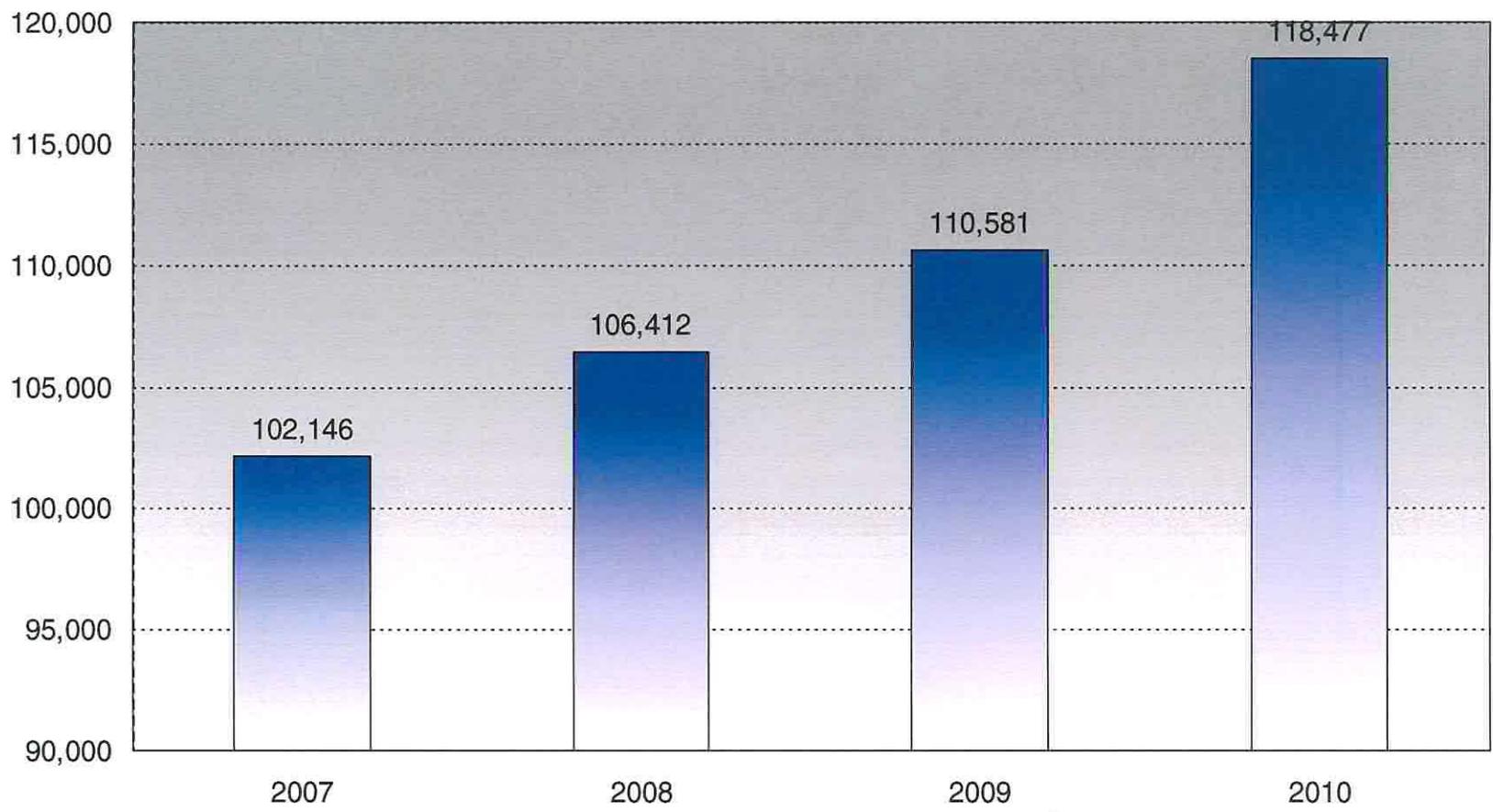
Public Works & Austin Transportation Departments

Signal Division Responsibilities





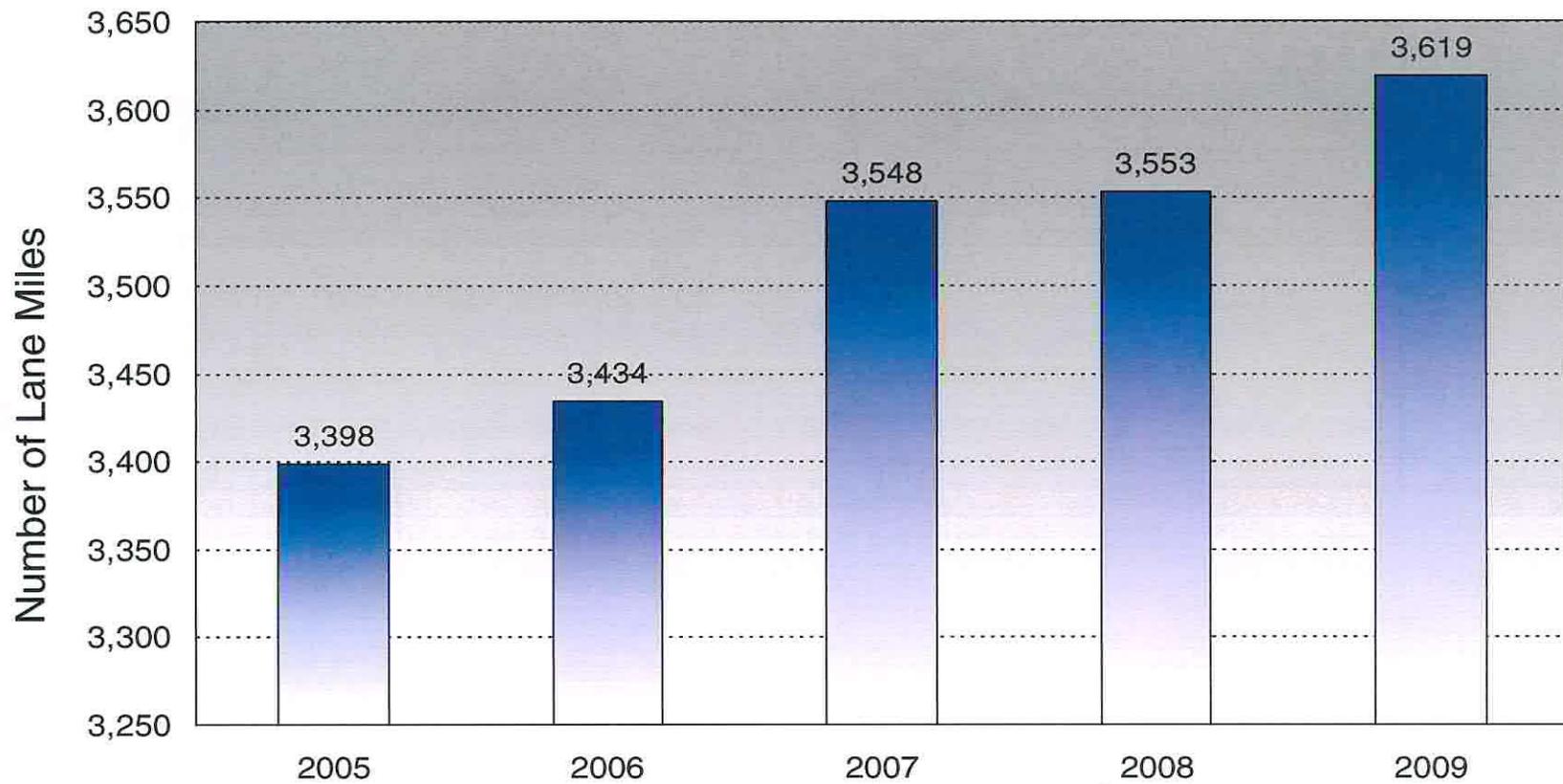
Sign Inventory





Public Works & Austin Transportation Departments

Arterial & Collector Markings

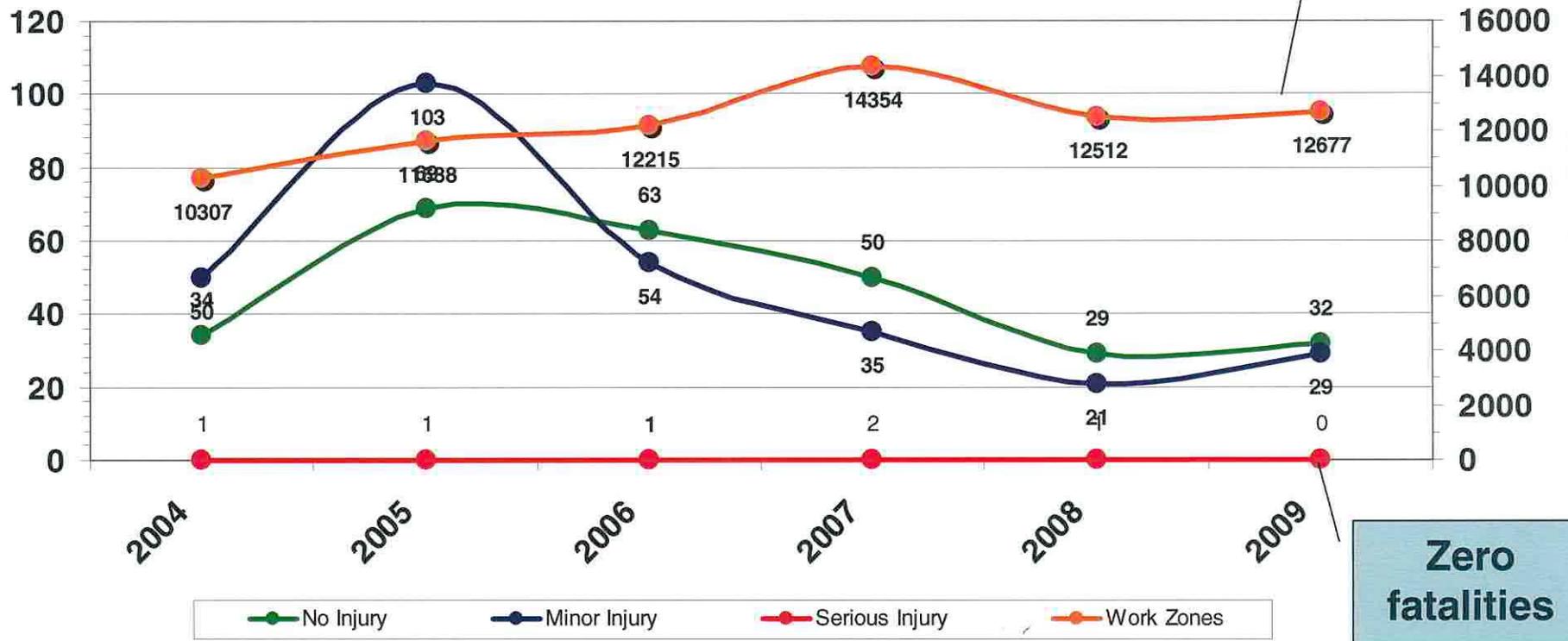




Public Works & Austin Transportation Departments

Right-Of-Way Safety Trends

Crashes In ROW Construction Work Zones





FY10 Highlights

- ARRA Funding
 - \$1.2M (22 LM) of overlay
 - \$2.4M in traffic systems improvements
 - \$0.6M for Signals Uninterruptible Power System
 - \$1.0M for Dynamic Message Signs
 - \$0.3M for Jollyville/Loop 360 trail connection
- Equipment
 - New thermoplastic equipment (ATD)
 - New sidewalk cleaners (PWD)
- Strategic Mobility Plan Launched
- Lower than budgeted commodity/contract costs



FY11 Impacts/Considerations

- Increase in asphalt pricing (+20% since 12/09)
 - Estimated lower contract output
- No Federal dollars programmed
- Increase in overlay LM
 - Increase in cost over seal coat/slurry seal
 - Higher resident satisfaction/longer lifespan
 - Total work will still exceed 10% of inventory
- Funding for future mobility planning & programming
- Multi-modal facilities maintenance



Best Managed Initiatives

- Work Management
 - CMMS/MAXIMO implementation
 - Work/events coordination via ENVISTA
 - Improved Mobility Planning
- Staff Development & Training
 - Career field development
 - Leadership training
- Environmental Initiatives
 - Warm-mix/recycled rubber/reclaimed asphalt mixes
 - Fibermat application
 - Concrete/glass reuse
 - Fleet conversion



Questions/Discussion





Additional Information

Staffing Analysis

- Public Works – 234 FTE proposed
 - +1 for ROW Maintenance
 - +2 for Neighborhood Partnering Program
- Transportation – 113.5 FTE proposed
 - +4 for Additional Markings Crew

Long Term Vacancies

Dept	Position	Time Vacant	Justification
ATD	Engineer C	18 months	Position resides in ROW Management and has been held to support development of Special Events program. Filling position has been hampered by budget considerations.
PWD	Division Manager, Street & Bridge	23 months	This position was reclassified with FY10 budget to provide development opportunities for field staff. The position was subject to the departmental personnel savings plan (freeze) and could not be advertised until April. Position is currently in hiring process.
PWD	Superintendent, Street & Drainage Operations	24 months	This position was reclassified with FY10 budget to provide development opportunities for field staff. The position was subject to the departmental personnel savings plan (freeze) and could not be advertised until April. Position is currently in hiring process.



Equipment Analysis

Item	Cost	Qty	N/R	Notes
Pneumatic Roller – 15 Ton	\$85,000	1	R	Scheduled Replacement – “A” Rated Unit
Wheel Loader	\$195,000	1	R	Scheduled Replacement – “A” Rated Unit
Dump Truck, 12 CY, w/Loader	\$165,000	3	R	Replacement due to safety issues
Dump Truck, 18CY upgrade kit	\$110,000	1	R	Replacement required for upgrade to new unit
Vacuum Street Sweeper	\$180,000	1	R	Replacement due to repair history
Gradall	\$250,000	1	R	Replacement due to repair history
Backhoe	\$95,000	1	R	Replacement due to repair history
Sand Spreader Box	\$18,500	1	R	Scheduled Replacement – “A” Rated Unit
Vibratory Roller, Walk Behind	\$15,000	3	R	Scheduled Replacement – “A” Rated Unit
Arrow Board, Solar Powered	\$5,000	1	R	Replacement due to safety issues
Platform Truck	\$55,000	1	R	Replacement due to repair history, function
Small Milling Machine	\$245,000	1	N	New – Increase productivity of Overlay Crew
Tractor Trailer Combination	\$185,000	1	N	New – Increase productivity of Overlay Crew
Barricade Trailer	\$10,000	1	N	New – Increase productivity of Overlay Crew
Ford Escape Hybrid	\$32,000	4	N	New – Support additional Division Managers and Supervisors



Public Works & Austin Transportation Departments

Revenues

Line Item	FY10 CYE	FY11 Proposed	Variance	Detail
Beginning Balance	\$7,226,483	\$5,691,617	(\$1,534,866)	Large beginning balance in FY10 due to deferral of equipment purchases and reconciliation of old encumbrances. Decrease from FY10 to FY11 resulted from expenditures exceeding revenues due to cut in GF transfer last FY (\$3.6M)
Residential	\$20,293,520	\$22,550,000	\$2,256,480	TUF generated income. Increase due to 10% TUF increase and residential base change.
Commercial	\$18,441,280	\$20,490,000	\$2,048,720	TUF generated income. Increase due to 10% TUF increase and commercial base change.
Utility Cut Cost Recovery	\$5,040,000	\$5,940,000	\$900,000	Reimbursement for work performed for utility departments in ROW. Increase based upon forecasted workload for FY11.
Parking Meters	\$0	\$0	\$0	Funds directed to Parking Enterprise Fund beginning in FY10.
Taxicabs, Chauffeurs, & Limousines	\$0	\$0	\$0	Funds directed to Parking Enterprise Fund beginning in FY10.
Property Sales	\$100,000	\$100,000	\$0	Sales of recovered materials and equipment
Interest/Other	\$279,801	\$200,000	(\$79,801)	Estimated interest on balance in fund



Public Works & Austin Transportation Departments

Revenues

Line Item	FY10 CYE	FY11 Proposed	Variance	Detail
Other Income	\$219,440	\$200,000	(\$19,440)	Reimbursable signal work performed for other jurisdictions
Right of Way	\$1,624,739	\$1,718,557	\$93,818	Fees from public and private work performed in the ROW. The TF only "keeps" sufficient revenue to cover its costs, with the balance going to the General Fund (dependent upon level of activity).
Transfers				
Parking Management Fund	\$200,000	\$205,000	\$5,000	Transfer to reimburse for support services provided by TF-funded employees. Programmed increase of 5% for FY11.
General Fund	\$4,983,371	\$2,057,371	(\$2,926,000)	PWD anticipated a further reduction in the GF Transfer from FY09 to FY10 (\$3.6M) to FY11 when a 10% increase in the TUF was presented to Council last year. Total 2-year reduction is \$6,876,000. Reduction in FY11 is offset by an increase in transfer of \$350,000 to pay for street lighting in areas not provided by Austin Energy.



Public Works & Austin Transportation Departments

Expenses

Line Item	FY10 CYE	FY11 Proposed	Variance	Detail
Public Works				
Street PM	\$23,940,947	\$24,665,111	\$724,164	Covers cost of Seal Coat, Overlay, Crack Seal, and Management/Administrative Support personnel, materials, and other costs. Net increase due primarily to addition TUF revenue (\$1M) and asphalt purchases and reductions for equipment purchases (sidewalk cleaners/stripping equipment) in FY10.
Street Repair	\$9,010,678	\$5,707,974	(\$3,302,704)	Covers costs of Districts (staff, materials, and contracts). Reduction due to accounting transfer of Utility Excavation Repair Activity to Minor Construction and Repair line.
Bridge Maintenance	\$740,860	\$747,000	\$6,140	Covers costs of bridge maintenance and repair. Expense level unchanged from FY10 Budget.
Minor Construction and Repair	\$469,194	\$3,902,794	\$3,433,600	Covers cost of Utility Excavation Repair Activity and other Concrete Section labor, materials, and contracts. Increase is due to realignment of budget to gain better tracking of costs.



Public Works & Austin Transportation Departments

Expenses

Line Item	FY10 CYE	FY11 Proposed	Variance	Detail
Public Works				
Traffic Controls	\$0	\$0	\$0	Transferred to ATD budget line (see below) in FY10 budget.
Transportation Enhancement	\$0	\$0	\$0	Transferred to ATD budget line (see below) in FY10 budget.
ROW Maintenance	\$0	\$1,189,344	\$1,189,344	Covers cost of ROW maintenance team and street lighting. Net increase to budget about \$300K, Most costs transferred from other lines.
Bicycle & Pedestrian Maintenance	\$165,275	\$398,717	\$233,442	Covers cost of effort to integrate bicycle and pedestrian work into maintenance program and to add two new FTE (Neighborhood Partnering Program). Increase in cost due to additional staff and expenses.
One Stop Shop	\$15,171	\$15,562	\$391	Legacy cost to PDR for plan review. Increase due to anticipated personnel cost adjustment.
Support Services	\$1,721,396	\$2,066,028	\$344,632	Covers cost of management, administrative, and financial support; safety; and IT. Increase due to equipment purchases, planned increases, and transfer of 3.75 FTEs from other lines.



Public Works & Austin Transportation Departments

Expenses

Line Item	FY10 CYE	FY11 Proposed	Variance	Detail
Transportation				
Traffic Management	\$5,889,740	\$6,930,019	\$1,040,279	Cost covers Transportation Engineering, Sign Shop, Signals Crew, Markings Crews, and MAXIMO purchase. Increase primarily due to additional markings crew.
Transportation Planning	\$198,095	\$330,667	\$132,572	Covers cost of 3.5 FTE and associated expenses. Increase due to additional FTE added in FY11.
One Stop Shop	\$1,603,259	\$1,690,102	\$86,843	Cost of personnel and related expenses. Increase due to estimated level of activity.
Support Services	\$791,560	\$879,001	\$87,441	Covers the cost of ATD Office of the Director. Increase is related to equipment and operating costs not funded in FY10.



Public Works & Austin Transportation Departments

Expenses

Line Item	FY10 CYE	FY11 Proposed	Variance	Detail
Transfers Out				
General Obligation Debt Services	\$1,989,334	\$2,006,922	\$17,588	Payment of debt service for equipment and other capital purchases. Increase due to debt adjustments from previous year.
Sustainability Fund	\$461,210	\$484,271	\$23,061	Directive to pay ~1% of revenues to fund. Increase of 5% from FY10 to FY11.
AWU	\$300,583	\$300,582	\$0	Payment assessed for cost of clean-up at Kramer Lane site.
Great Streets CIP	\$0	\$0	\$0	Requirement now in Parking Enterprise Fund
West Campus Parking CIP	\$0	\$0	\$0	Requirement now in Parking Enterprise Fund
CPMF	\$0	\$0	\$0	Requirement eliminated from budget
Sidewalk Fee CIP	\$0	\$140,000	\$140,000	Transfer of funds from developers paid in lieu of constructing sidewalks. Creation of separate CIP account provides greater transparency into the uses of these funds.
Facility Improvements CIP	\$0	\$0	\$0	Requirement moved to CPMF budget.



Public Works & Austin Transportation Departments

Expenses

Line Item	FY10 CYE	FY11 Proposed	Variance	Detail
Transfers Out				
Technology CIP	\$0	\$1,030,000	\$1,030,000	Transfer required to develop and implement a Computerized Maintenance Management System (CMMS). Required to replace obsolete, inadequate system and to respond to Auditor recommendation.
Replacement Equipment	\$0	\$0	\$0	Line established to provide for equipment purchase using available funds. Equipment is now being debt financed.
Other Req'ts				
Workers' Comp	\$328,360	\$338,181	\$9,821	Programmed increase per Budget Office.
Liability Reserve	\$109,000	\$111,180	\$2,180	Programmed increase per Budget Office.
Property Insurance	\$30,192	\$31,000	\$808	Programmed increase per Budget Office.
Admin Spt – City	\$2,304,826	\$2,420,067	\$115,241	5% increase per Budget Office.
USCO Billing Spt	\$684,736	\$669,084	(\$15,652)	Expense for billing support from AE



Public Works & Austin Transportation Departments

Expenses

Line Item	FY10 CYE	FY11 Proposed	Variance	Detail
Other Req'ts				
CTM Support	\$1,062,420	\$1,115,541	\$53,121	5% increase per Budget Office.
Accrued Payroll	\$186,352	\$108,000	(\$78,352)	Amount programmed per Budget Office.
Add'l Retirement	\$604,448	\$921,227	\$316,779	Amount programmed per Budget Office.
Compensation Pgm	\$23,465	\$23,465	\$0	Amount programmed per Budget Office.
Trunked Radio	\$23,465	\$23,465	\$0	Amount programmed per Budget Office.
Ending Balance	\$5,691,617	\$838,406	(\$4,853,211)	Net decrease due to excess expenditures over revenues (\$4.8M)



FY11 Considerations

- Support Costs
 - 5% increase in transfer for CTM
 - 5% increase in City Admin Support costs
- Transfers
 - \$328K annually to AWU for Kramer Lane
 - \$921K to retirement (increase of \$317K/52%)



Public Works & Austin Transportation Departments

FY11 Work by Sector (LM)

